Economic and Financial Analysis Committee

Industry Financials

2nd Quarter 2026

Industry Scorecard

2Q 2026 (with comparisons to 2Q 2025)

2Q26	Key Financial Metrics (non-GAAP) - 2Q26					Unit Level Metrics (non-GAAP) - 2Q26 (y/y change)				
Airline	Operating Revenue ($ mil)	Operating Profit (Loss) ($ mil)	Operating Margin	Net Profit (Loss) ($ mil)	Net Margin	Revenue Passenger Miles	Available Seat Miles	(T)RASM[1]	CASM-ex[2]	Fuel ($/gal)[3]
United	17,672	951	5.4%	649	3.7%	3.8%	3.5%	12.1%	6.1%	$4.19
Delta	17,666	1,564	8.9%	1,027	5.8%	0.5%	1.4%	12.4%	4.4%	$3.93
American	16,735	453	2.7%	99	0.6%	3.6%	5.4%	10.3%	2.5%	$4.05
Southwest	8,432	585	6.9%	465	5.5%	1.2%	0.2%	16.2%	3.4%	$3.92
Alaska	4,065	(130)	(3.2%)	(102)	(2.5%)	(0.8%)	1.0%	8.6%	4.6%	$4.43
jetBlue	2,697	(141)	(5.2%)	(247)	(9.2%)	4.1%	3.2%	10.9%	2.4%	$4.23
Frontier	1,279	(27)	(2.1%)	(22)	(1.7%)	9.0%	7.7%	27.9%	4.5%	$4.17
Allegiant[4]	944	87	9.2%	51	5.4%	13.4%	8.3%	27.7%	6.6%	$4.14
Total	69,490	3,342	4.8%	1,920	2.8%					

[1] TRASM for airlines that report it
[2] CASM-ex excludes fuel, special items, profit sharing, third-party business expenses, fuel hedges, and MTM accounting
[3] Economic fuel cost/gal, includes effect of fuel hedging and settlements on derivatives
[4] Airline-only operations
ALGT includes Sun Country data after May 13, 2026

Industry Scorecard

6-months 2026 (with comparisons to 6-months 2025)

6m26	Key Financial Metrics (non-GAAP) - 6m26					Unit Level Metrics (non-GAAP) - 6m26 (y/y change)				
Airline	Operating Revenue ($ mil)	Operating Profit (Loss) ($ mil)	Operating Margin	Net Profit (Loss) ($ mil)	Net Margin	Revenue Passenger Miles	Available Seat Miles	(T)RASM[1]	CASM-ex[2]	Fuel ($/gal)[3]
United	32,280	1,559	4.8%	1,038	3.2%	5.1%	3.4%	9.7%	6.0%	$3.53
Delta	31,866	2,215	7.0%	1,450	4.6%	0.9%	1.2%	10.5%	4.7%	$3.32
American	30,647	426	1.4%	(168)	(0.5%)	3.7%	4.3%	9.1%	3.8%	$3.44
Southwest	15,682	915	5.8%	691	4.4%	1.5%	0.8%	13.8%	2.9%	$3.37
Alaska	7,365	(377)	(5.1%)	(167)	(2.3%)	(0.3%)	1.3%	6.3%	4.3%	$3.74
jetBlue	4,937	(365)	(7.4%)	(569)	(11.5%)	2.2%	0.8%	8.9%	4.3%	$3.63
Frontier	2,271	(171)	(7.5%)	(90)	(4.0%)	6.2%	3.2%	19.6%	12.8%	$3.56
Allegiant[4]	1,676	196	11.7%	121	7.2%	6.3%	1.4%		6.7%	$3.65
Total	126,724	4,398	3.5%	2,306	1.8%					

[1] TRASM for airlines that report it
[2] CASM-ex excludes fuel, special items, profit sharing, third-party business expenses, fuel hedges, and MTM accounting
[3] Economic fuel cost/gal, includes effect of fuel hedging and settlements on derivatives
[4] Airline-only operations
ALGT includes Sun Country data after May 13, 2026

Cautiously Optimistic Despite Economic Uncertainty

Second Quarter Synopsis

- **Record or near-record revenues**
  - Driven by robust summer leisure demand, improving corporate travel, and stronger pricing across most carriers.
- **Jet fuel remained the primary headwind, so airlines trimmed capacity to cut costs**
  - Increased operating expenses by hundreds of millions of dollars, pressuring earnings despite strong revenue growth.
  - Airlines prioritized profitability over market share, limiting capacity growth and maintaining fare levels.
- **Premium Products/Ancillary Revenue**
  - Premium seating, loyalty programs, co-brand credit cards, bag fees etc. continue to be drivers of profitability.

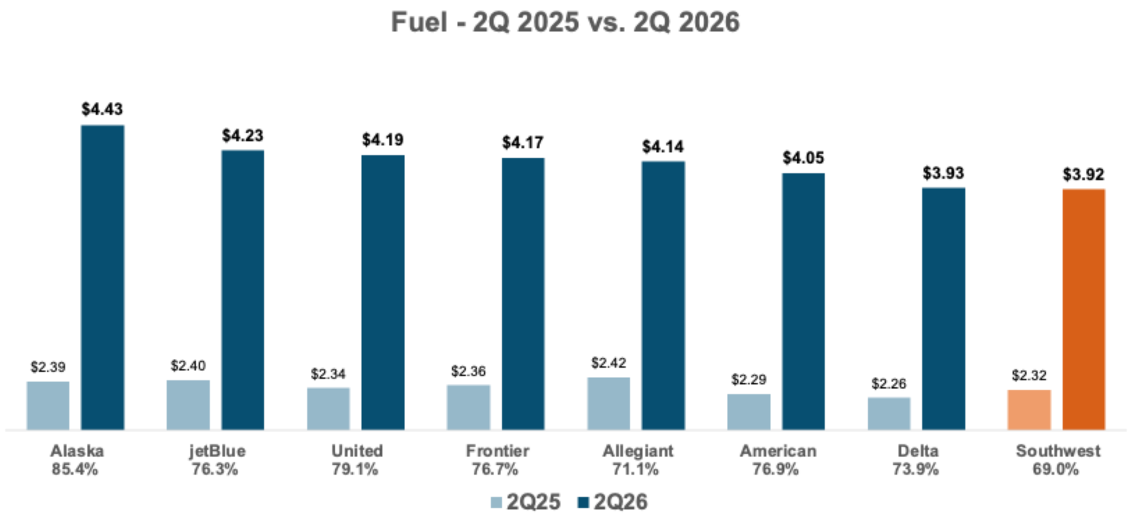
Third Quarter Forecast

- **Demand expected to remain strong**
  - Healthy close-in booking and consumer spending.
- **Capacity discipline continues because fuel remains the biggest uncertainty**
  - Carriers continue to refine capacity lower during 3Q and into 4Q.
  - Prices have come down, which should improve profitability.
- **Commercial "optimization" a key focus**
  - Network refinement, premium expansion (**Allegiant**, **JetBlue**, **Frontier** all adding First Class), Loyalty Program growth etc.

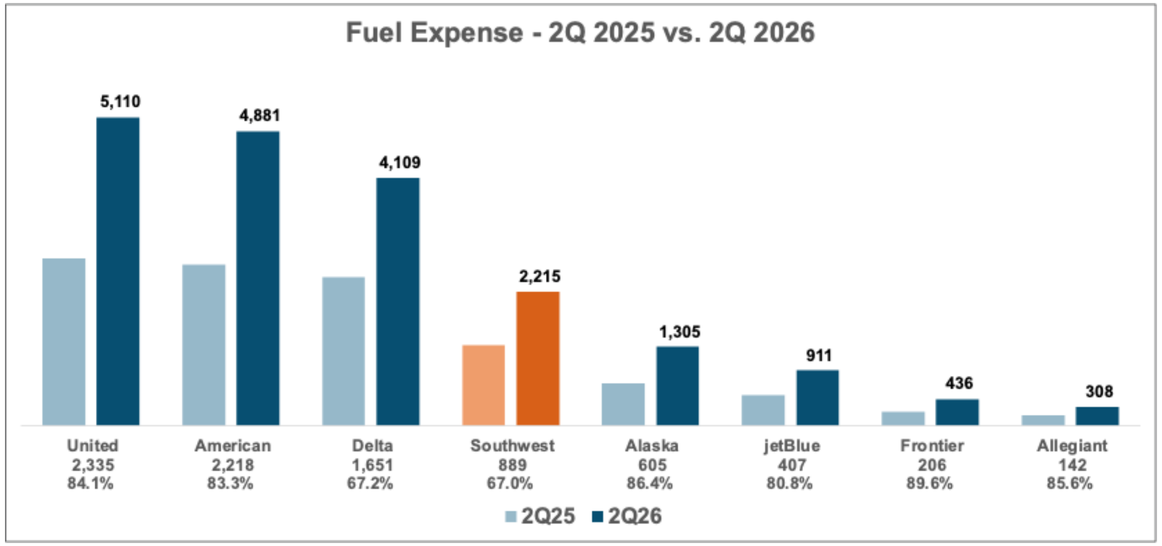
Post-Iran war fuel prices dominated the industry…

Fuel spike ~76% over 2Q25, 45% over 1Q26

West-coast crack spreads hurt ALK; SWA had least relative impact



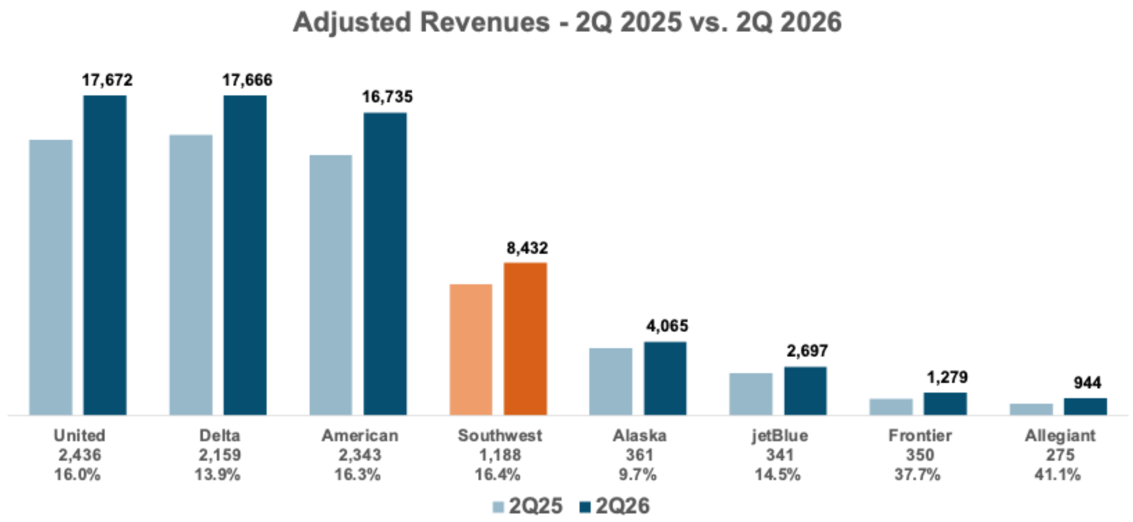
Industry fuel bill increased by $9B; SWA was up almost $900m



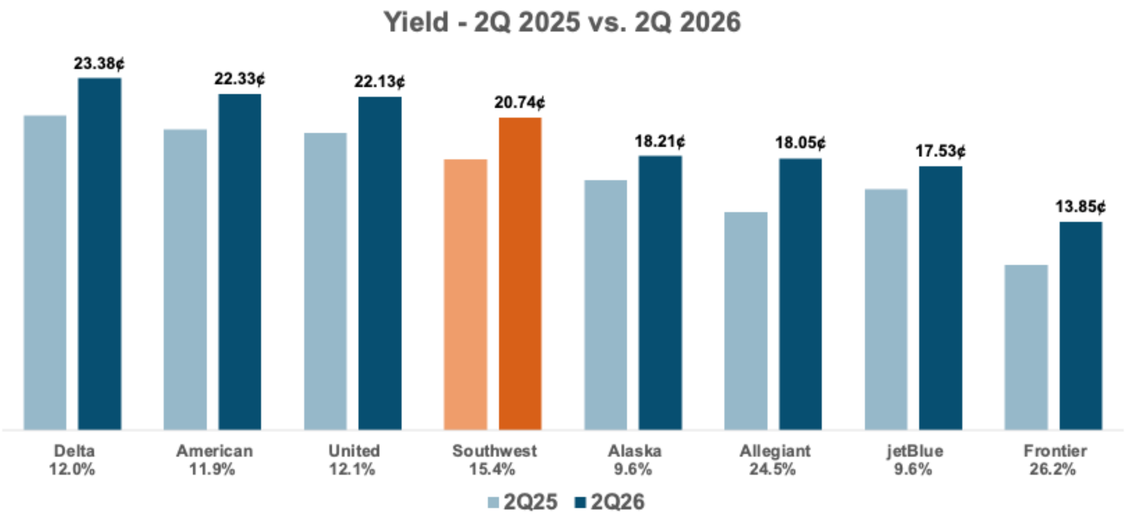
…but carriers raised prices to recapture what they could

At least 7 price increases to recapture high fuel prices since war began

2Q26 revenues up $9.5B year over year

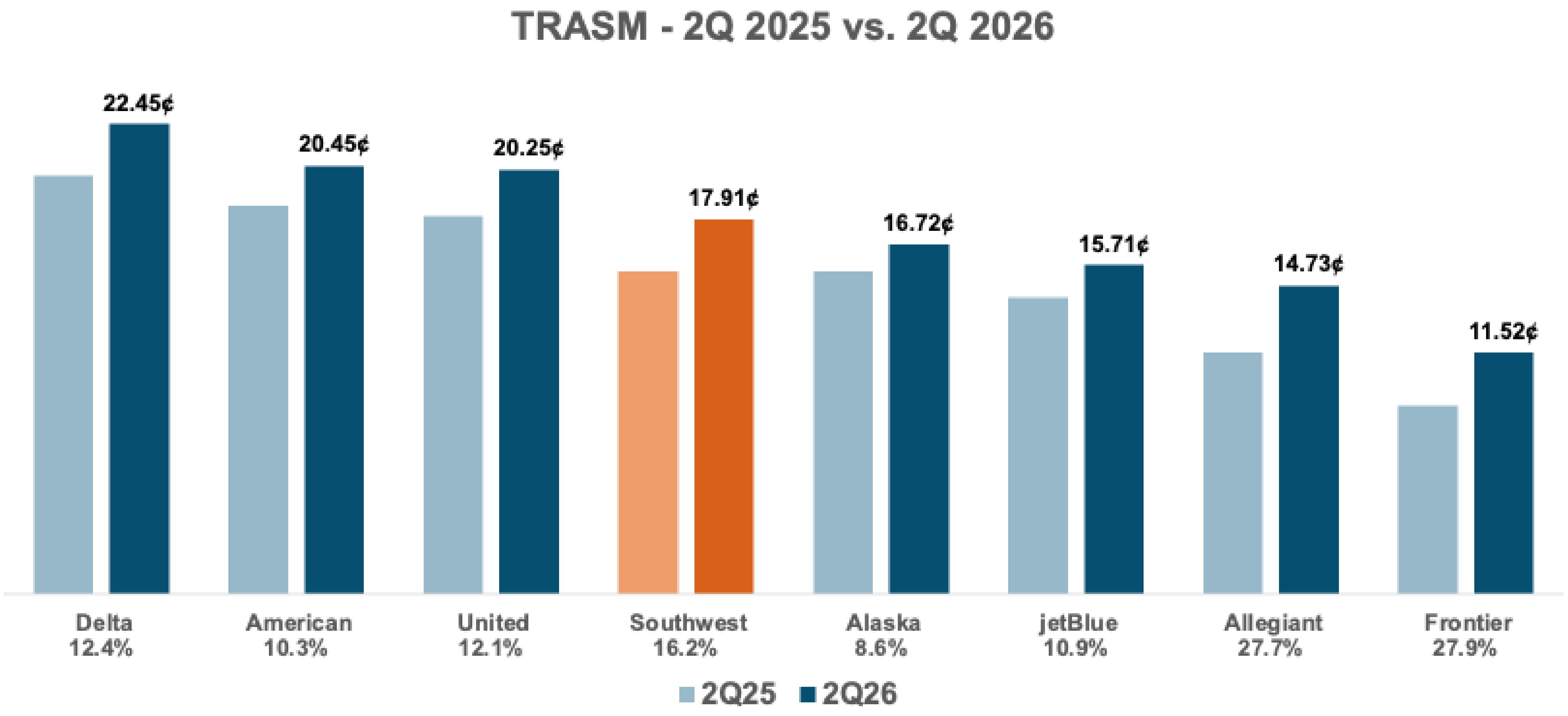


Double-digit yield gains were common



Industry RASM was on a tear

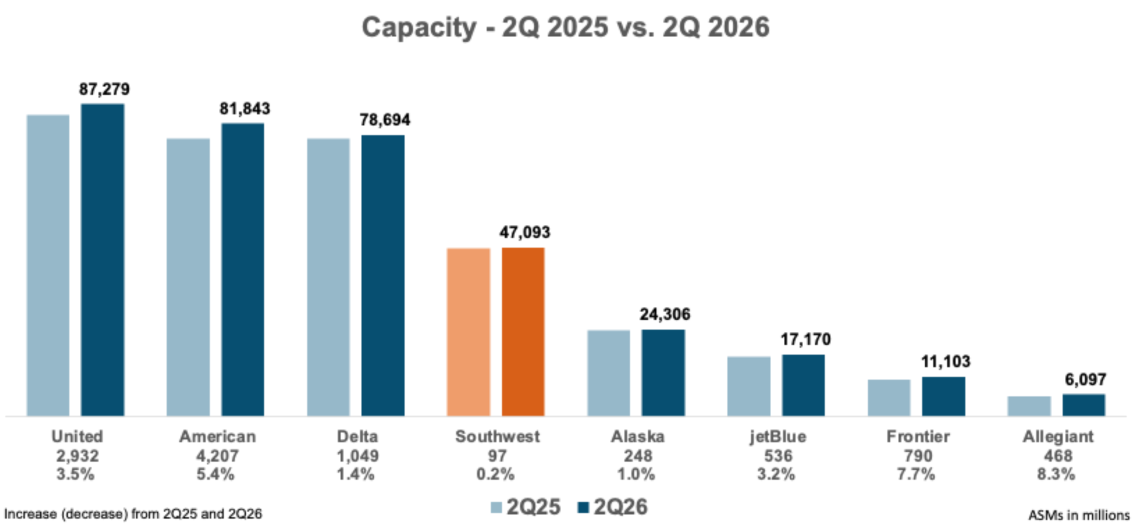
2Q RASM up 15pp (!); on top of 1Q RASM gains of nearly 9pp



US carrier capacity grew at 0.2% in 2Q

Domestic capacity up only 0.4%; Load factors remained strong

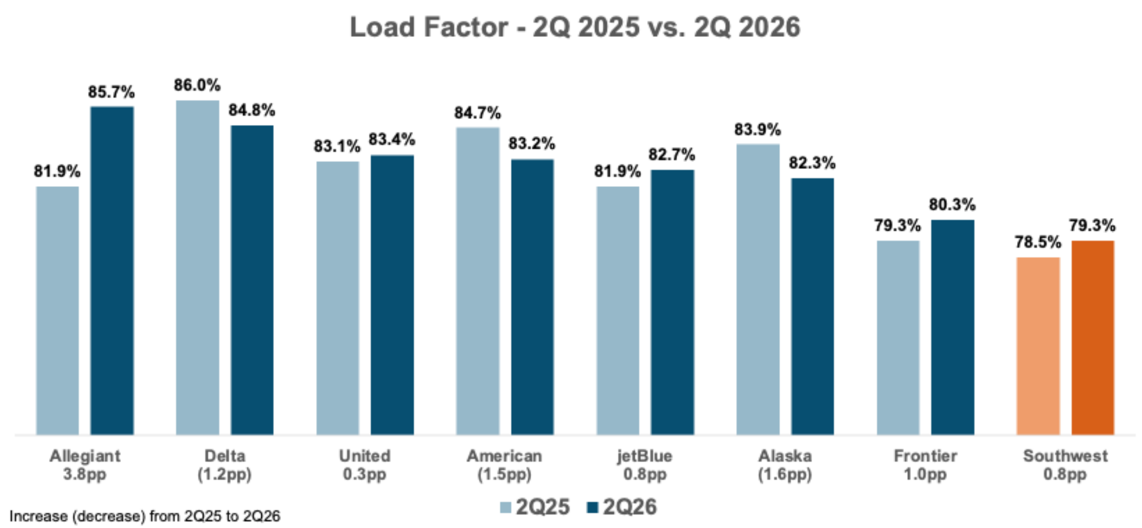
Generally flat capacity, though UAL/AAL grew significantly



JBLU/ULCC increased capacity due to Spirit liquidation

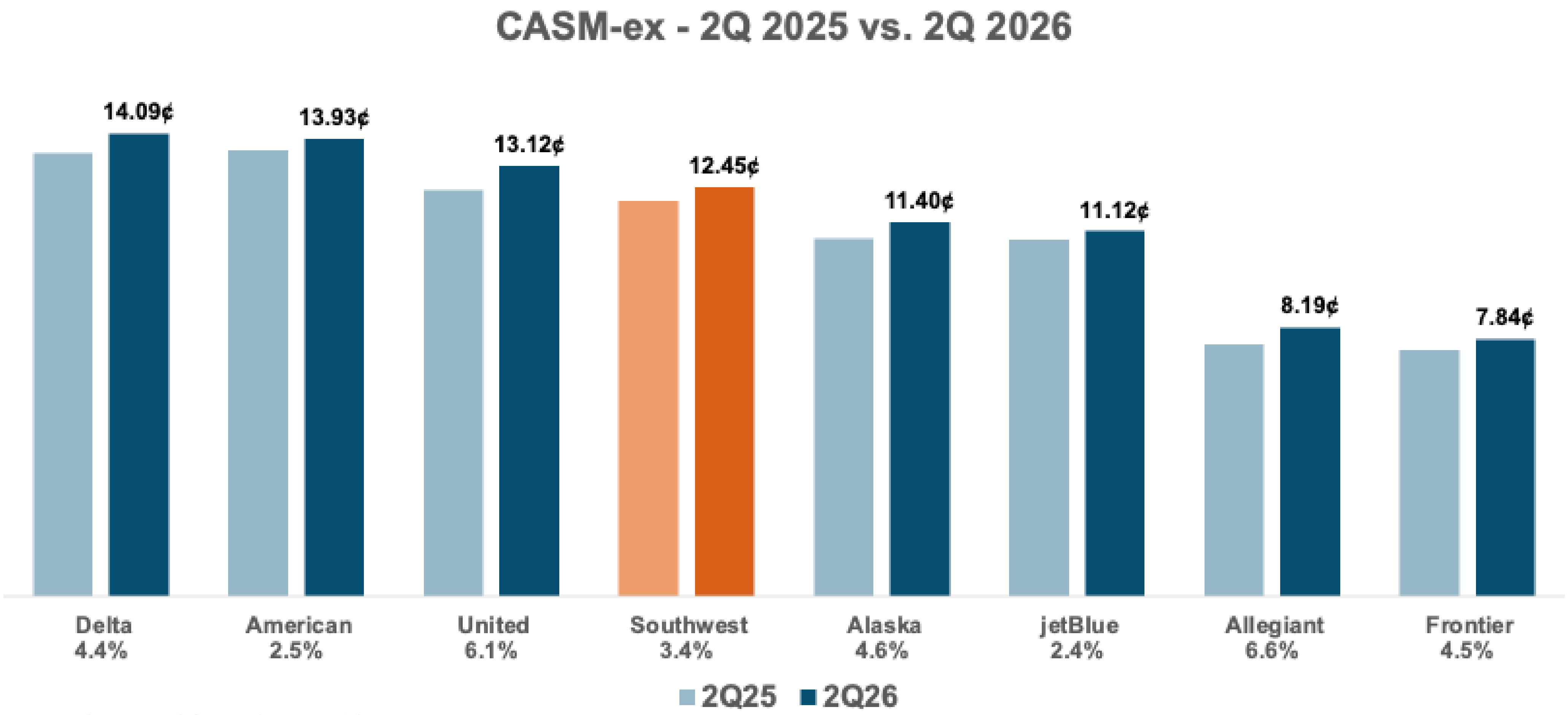
Includes SNCY since May 13th

Load factors weakened but demand remains high



CASM-ex was moderate

Industry saw roughly inflationary cost growth ex-fuel



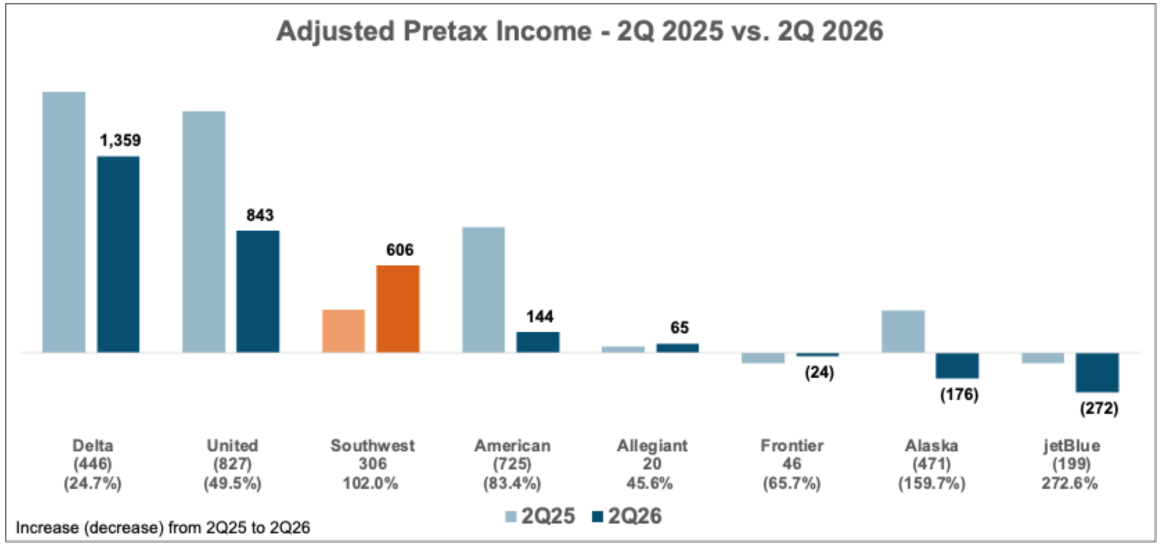
Increase (decrease) from 2Q25 and 2Q26

 SWAPA INTERNAL USE ONLY

So industry margins only weakened moderately

Large revenue increases could not fully offset huge fuel bills

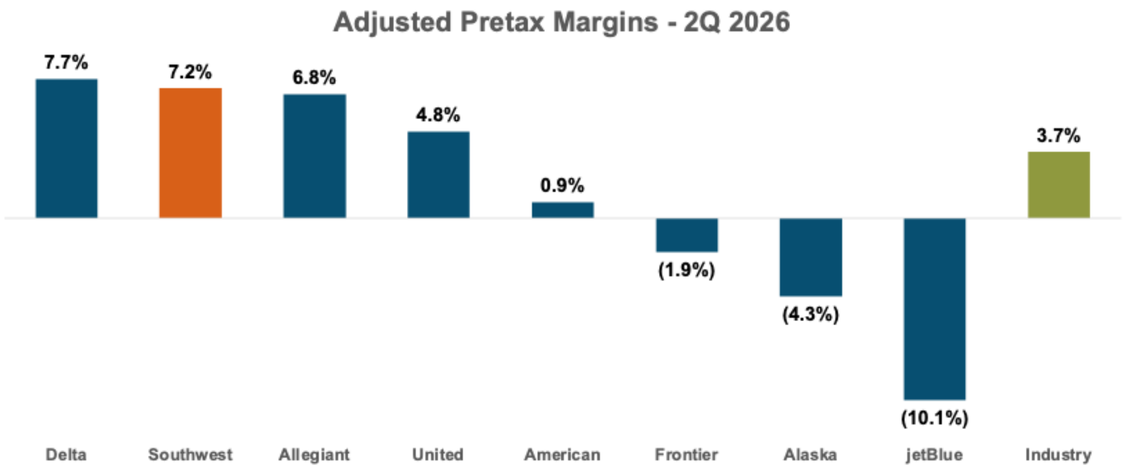
Most carriers saw 2Q pre-tax income decline



SWA (again) had highest pre-tax income growth in industry

Restructuring, Hawaii headwinds depressed ALK performance

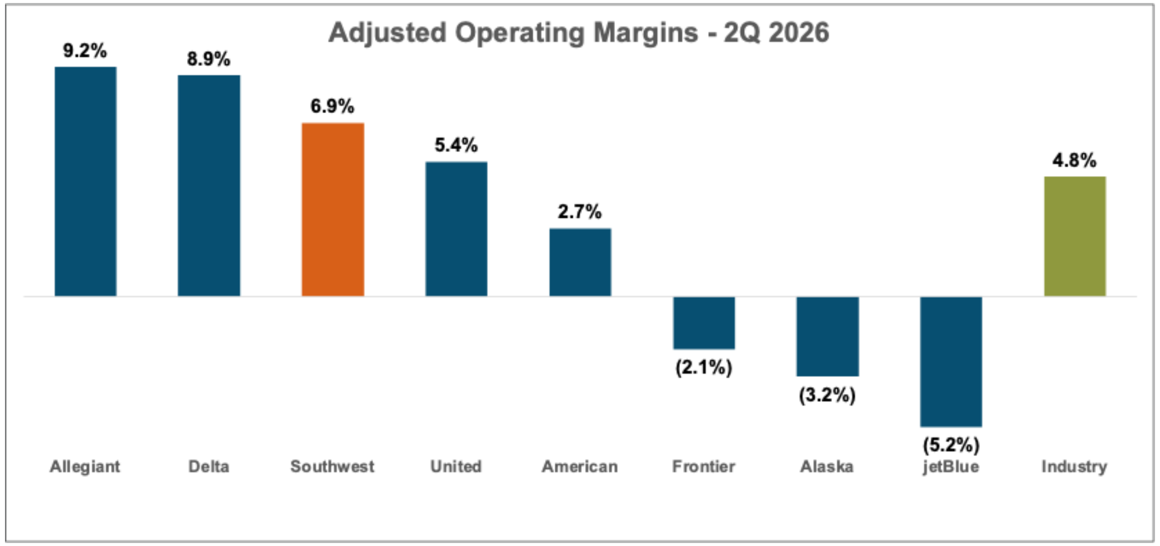
2Q industry pre-tax margin down 4.4pp on fuel, but huge RASM gains kept many positive



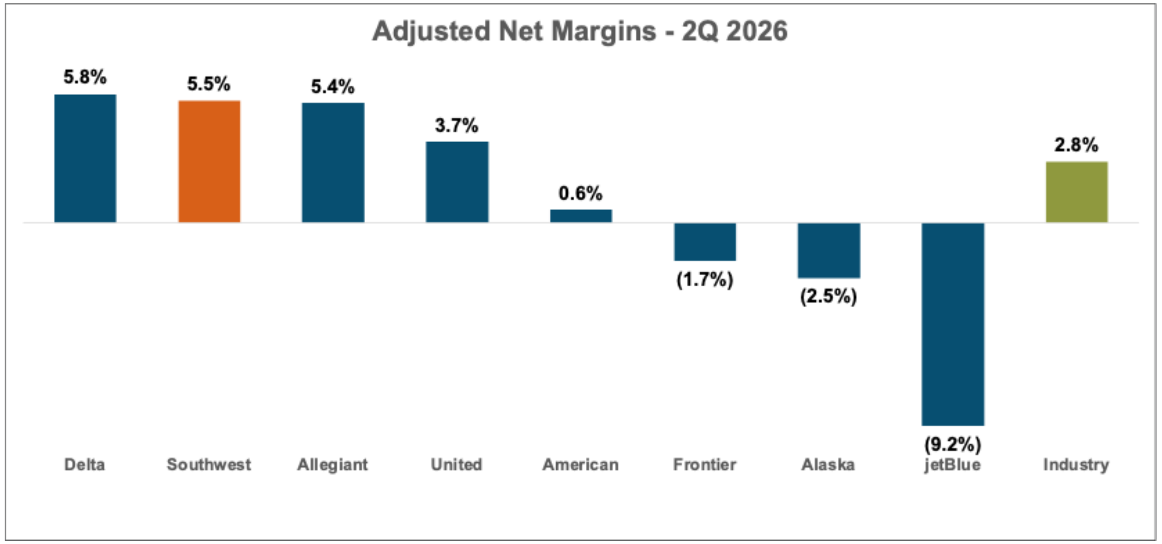
SWA returns as a margin leader

SWA in Top 3 of US airlines in operating, pre-tax, and net margins

Strongest SWA 2Q op margin since 2023



SWA doubled industry net margin as initiatives take root



3Q26 and FY2026 guides adjusted on fuel

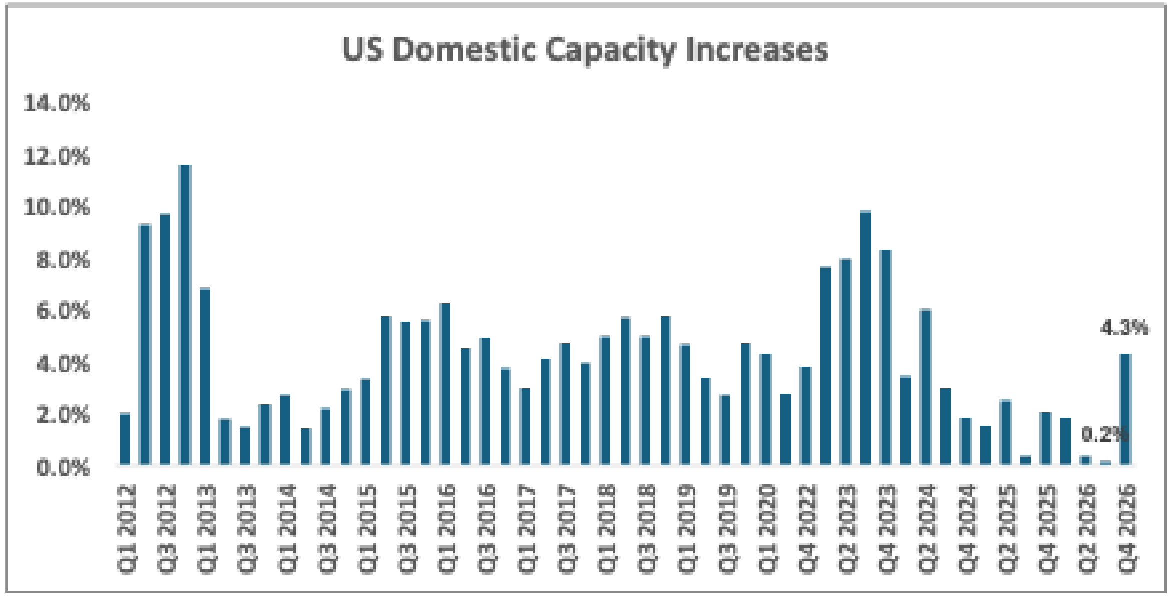
Carrier	3Q Guide	FY26 Guide	2026 ASM forecast
American	(\$0.70) – (\$0.10)	Lowered to: (\$0.65) to \$0.65	Lowered: 3% - 5%
Delta	\$2.00 - \$2.50	\$6.50 - \$7.50	
United	\$2.50 - \$3.00	Raised: \$9.00 - \$11.00	Will be lower
Southwest	\$0.50 - \$0.75	Reinstated: \$3.25 - \$4.25	~1.5%
Alaska	\$0.00 - \$1.00	Remains suspended (fuel)	3Q: +2 - 3%
JetBlue	Implied ~\$(0.40)	Implied (~\$2.13)	1.5% - 3.5%
Frontier	(\$0.10) to \$0.10	\$0.00 - \$0.20	~7%
Allegiant	(\$1.00) - \$0.00	> \$6.00	3Q: Down 6.5%

Sources: Raymond James, company reports

Industry domestic capacity control continues

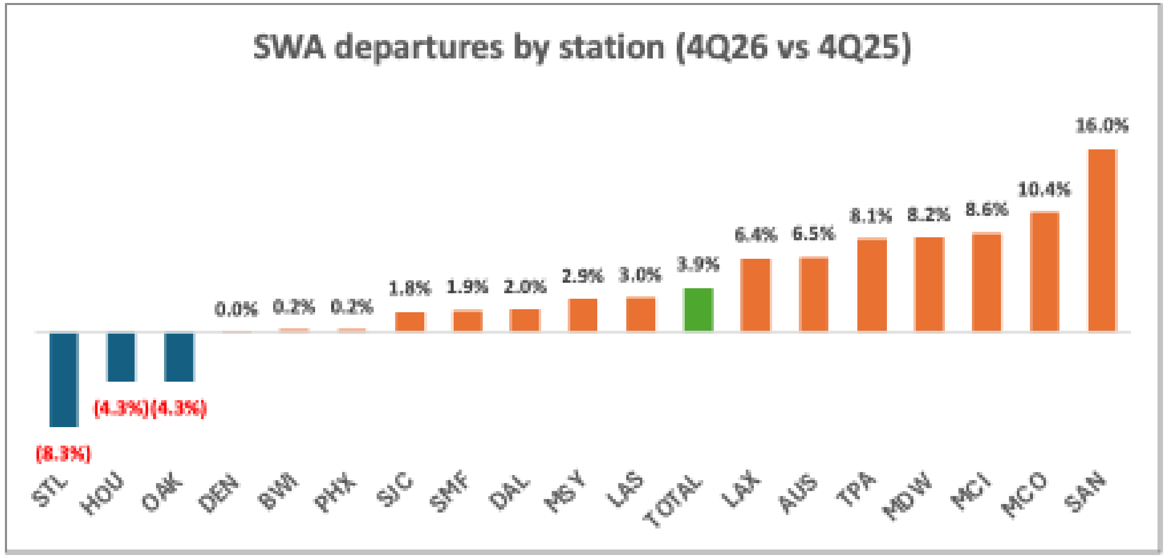
Domestic capacity remains below GDP – airlines keen to keep recent RASM gains

3Q26 growths is flat: 0.2%; 4Q26 projects 4.3% but will fall as fuel remains high in 2H26



* Note: 2Q20 – 2Q22 removed as not meaningful

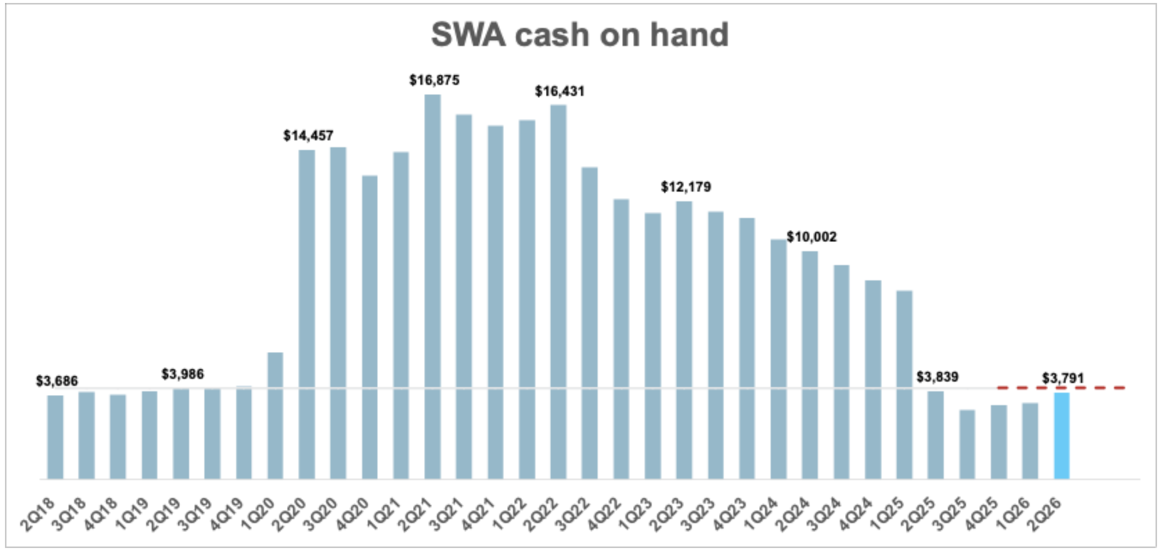
SWA flight activity will increase 3.9% in 4Q26



SAN, MCO, MCI, MDW, TPA are stations seeing highest boost in 4Q departures

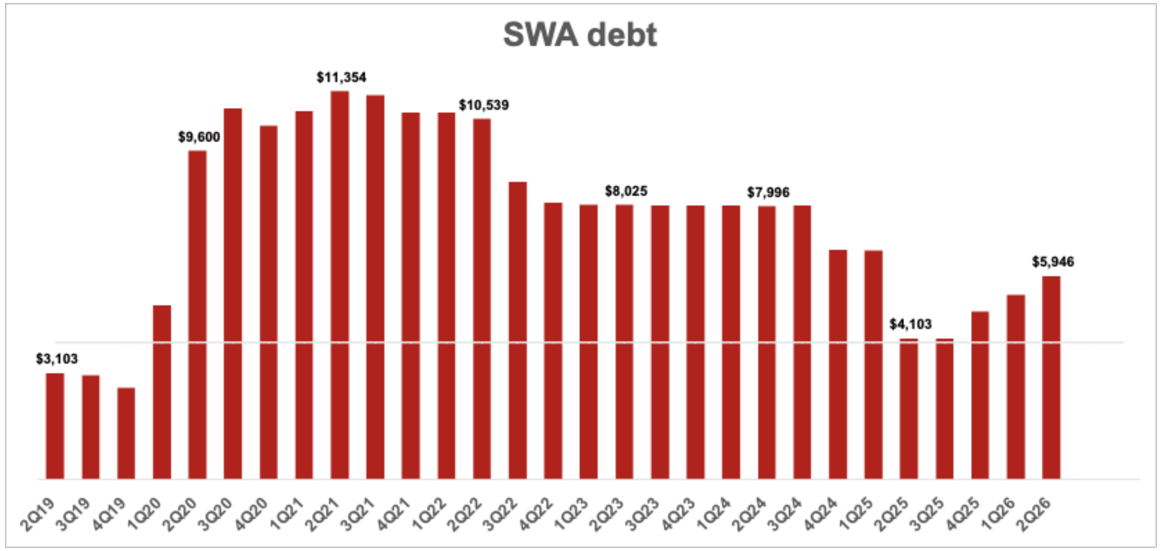
SWA's cash and debt profiles return to pre-2020 levels

Cash on hand slightly below at 2019 level



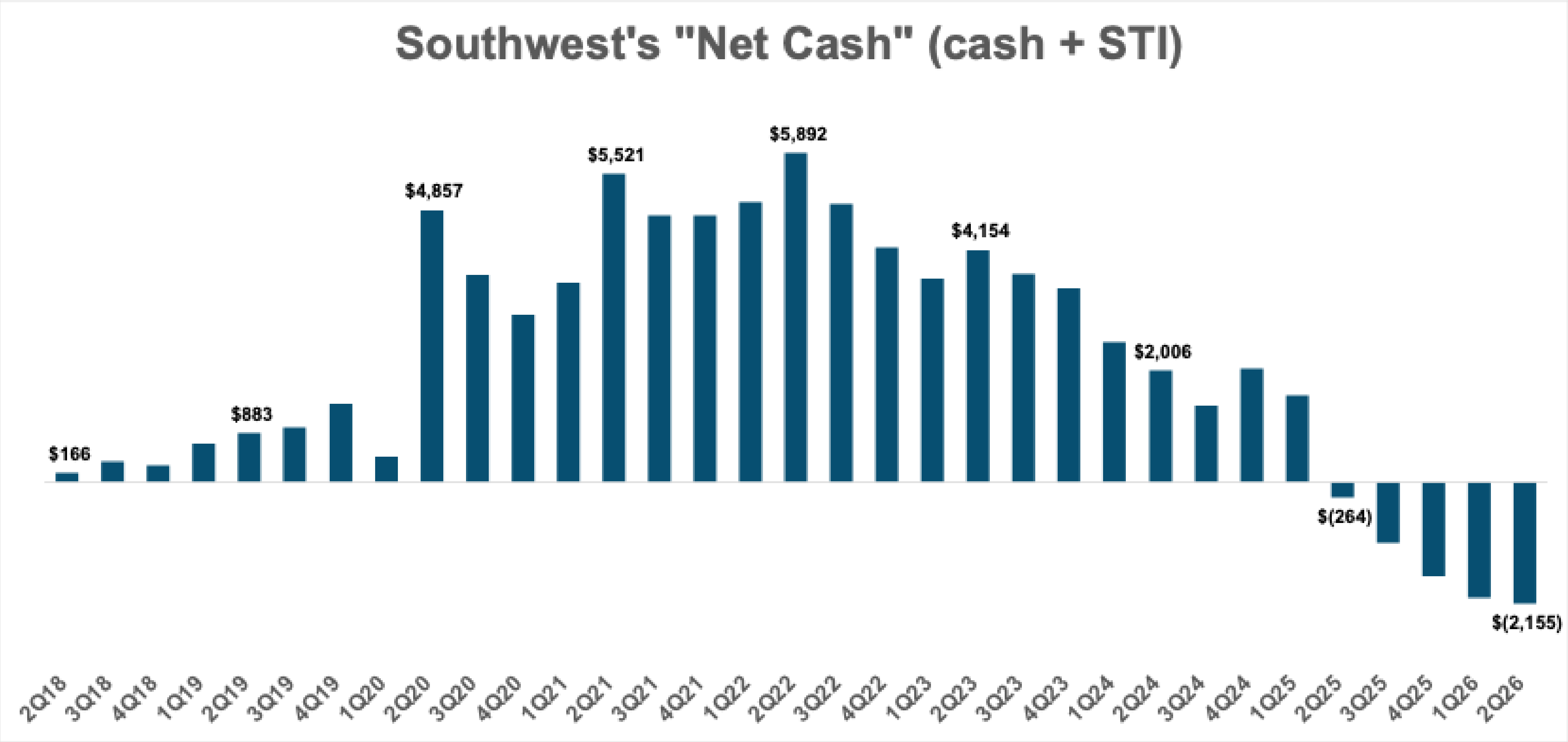
SWA 'liquidity' ~$4.5B including undrawn $1.5B revolver

SWA net debt was $2.16B



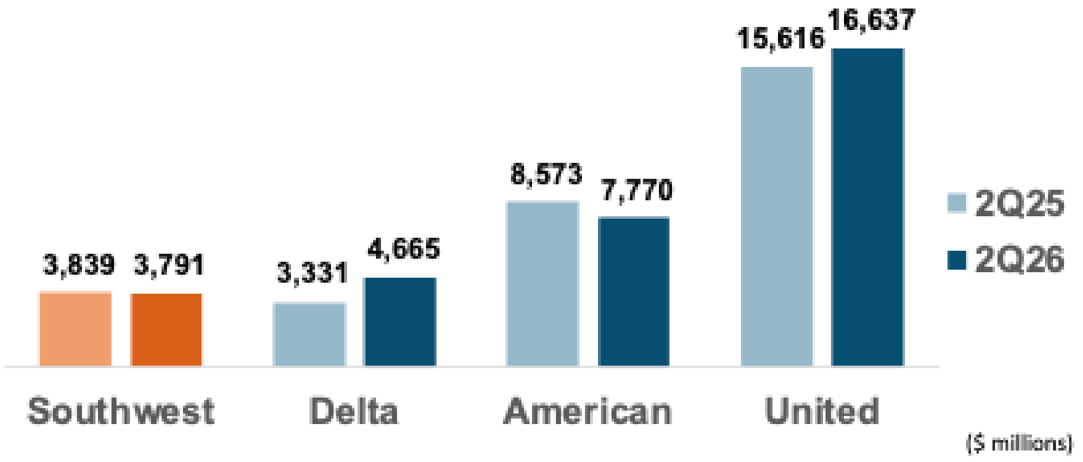
SWA's historical 'net cash' has reverted to net debt

SWA's debt now exceeds cash positions by over $2B

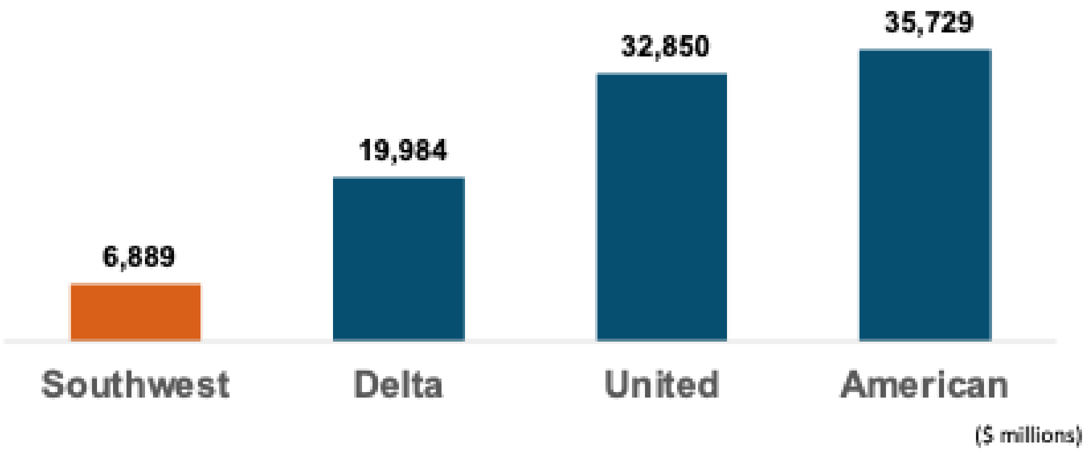


SWA's retains fortress balance sheet

Cash and Short-Term Equivalents – 2Q25 vs 2Q26

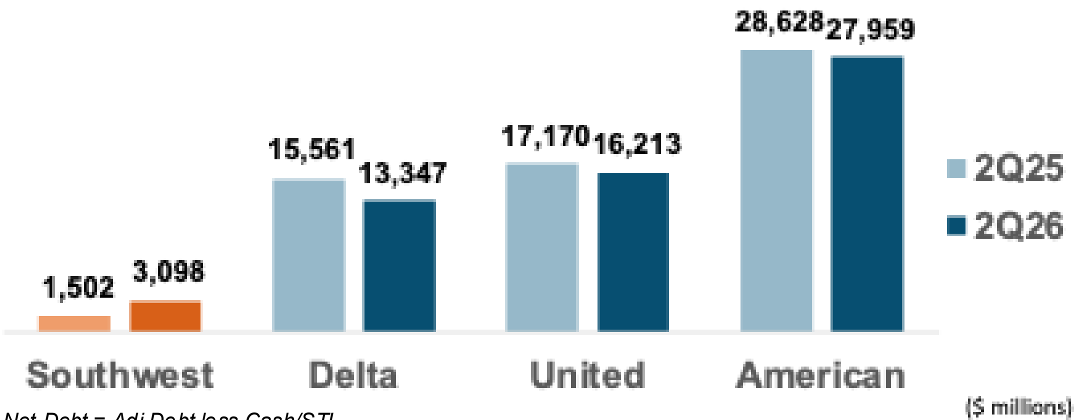


Total Adjusted Debt – 2Q26



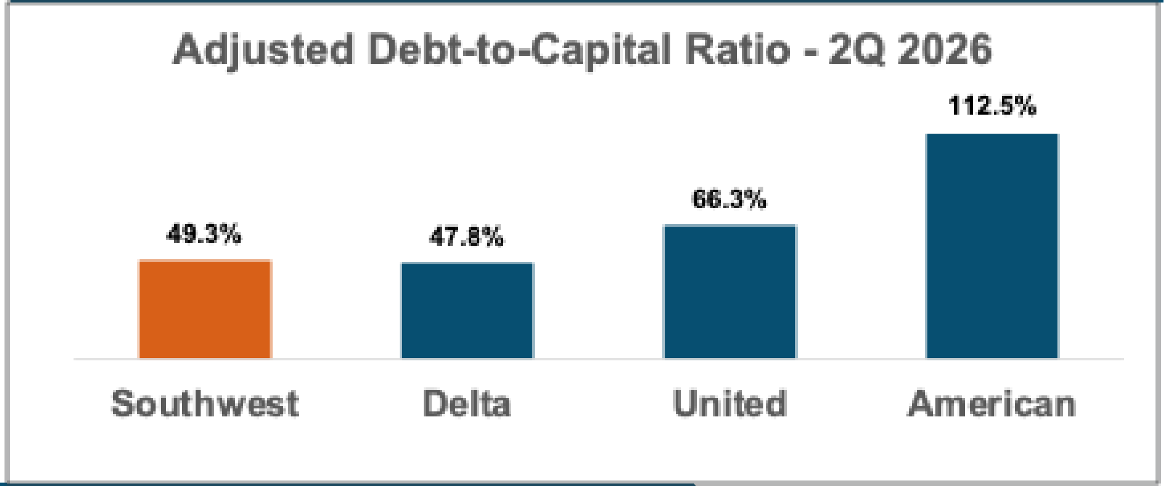
Adj Debt = Total debt + operating lease liabilities

Adjusted Net Debt – 2Q25 vs 2Q26



Adj Net Debt = Adj Debt less Cash/STI

Adjusted Debt-to-Capital Ratio – 2Q26



Hiring and Pilot Supply Notes

- **American** hired **1,637** in 2025. Hired **998** through August . Forecasting **1,600-1,800** in 2026
- **Delta** hired **500** in 2025. Hired **1,131** through August. Forecasting **1,500-1,700** in 2026.
- **United** hired **1,583** in 2025. Hired **649** through Aug 1st. Forecasting **850-950** in 2026.
- **Alaska/Hawaiian** hired **90** Jan/Feb. Are now accepting applications with classes to start in Nov.
- **JetBlue** did not hire in 2025. Have not hired in 2026.
- **Southwest** hired **187** in 2025. Hired **794 t**hrough August 1st. Planning for **1,078** new hires in 2026.
- **Allegiant** did not hire in 2025. Application window opened in August. Hiring **26** pilots for FLL base.
- **Frontier** hired **246** in 2025. Hired **181** so far this year. Forecast now raised to **230-250** for 2026.
- **Spirit** ceased operations.
- **Sun Country** hiring up to **100** this year as Delta has recently hired large numbers of Sun Country pilots.
- **FedEx** had begun hiring again. Hired class of **15** in July. Planning for several classes of **20-30** through EOY.
- **UPS** hired 244 in 2025. Reduced hiring plans for 2026. Hiring for the pool, class dates most likely in early 2027.
- **Pilot Supply Notes**: **# of ATP's issued down 11% YoY but were 12% above monthly avg in 2019.** The number of Commercial and ATP's certificates granted continue to exceed 2019 levels by double-digit percentages. **The current oversupply is forecast to revert to a slight undersupply of pilots based on hiring forecasts and scheduled retirements through 2030.**

Global Network Carriers

American Airlines

DELTA

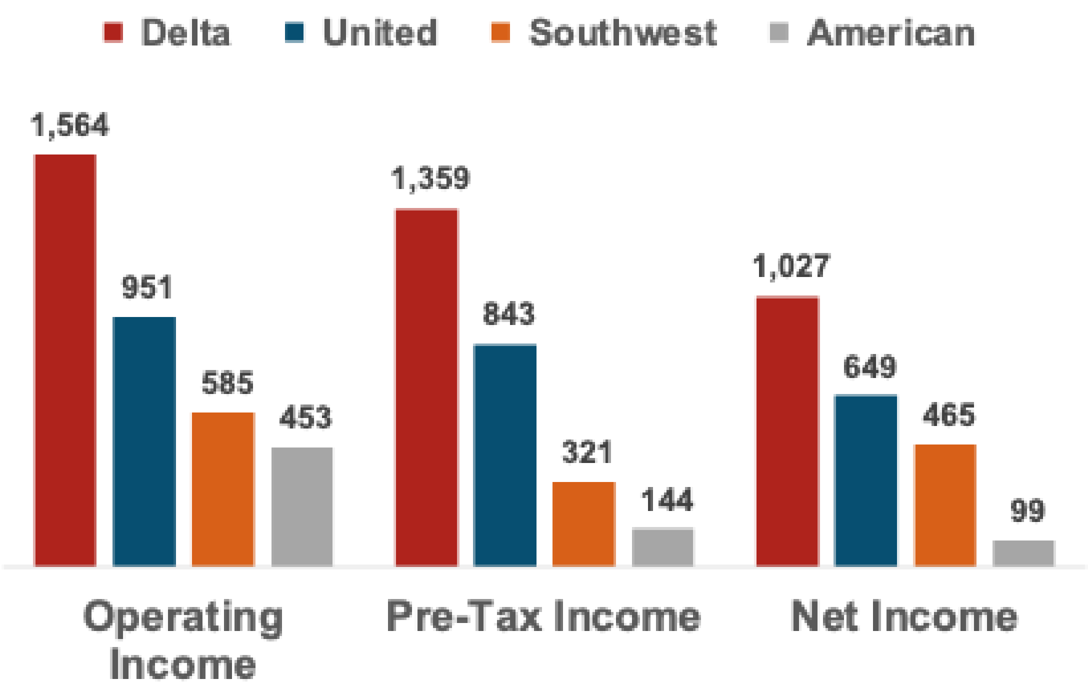
UNITED

Sources: Airline financial press releases, SEC filings, and SWAPA analysis

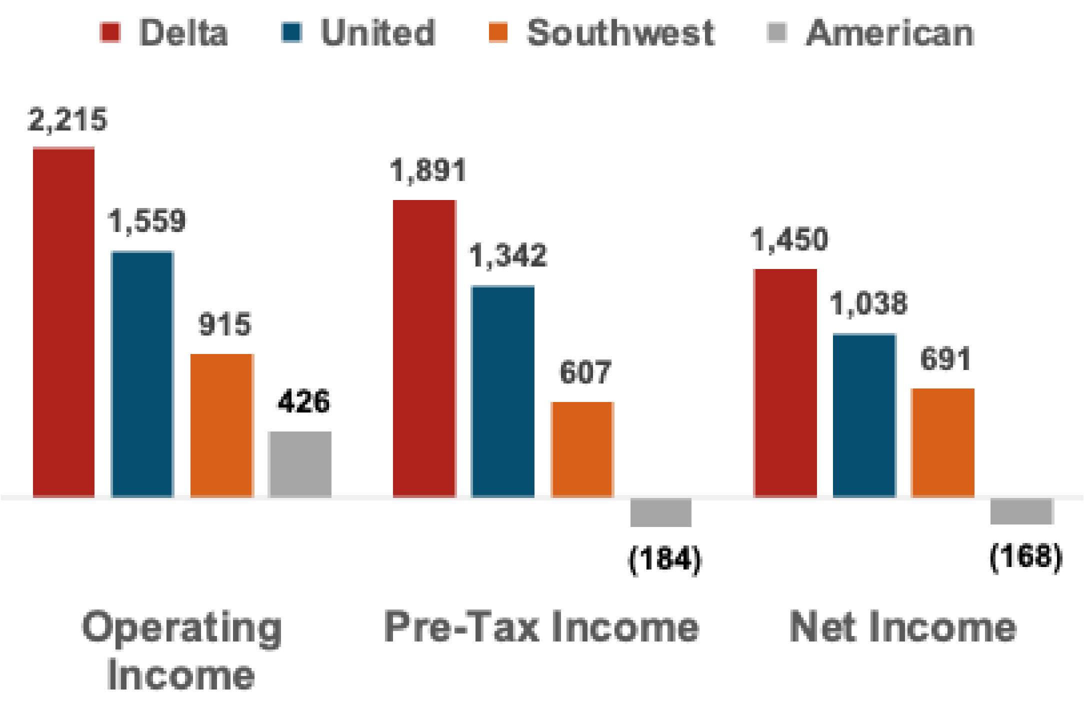
Key Financial Results

Global Network Carriers (Legacies) vs. Southwest

2nd Quarter 2026

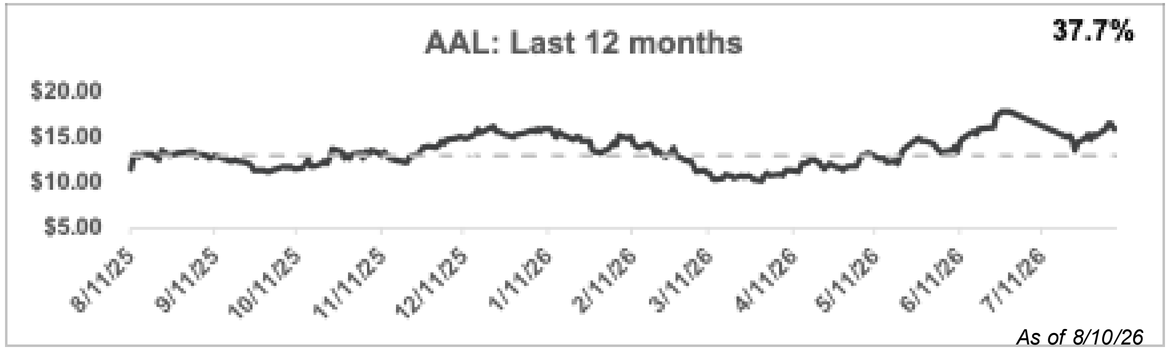


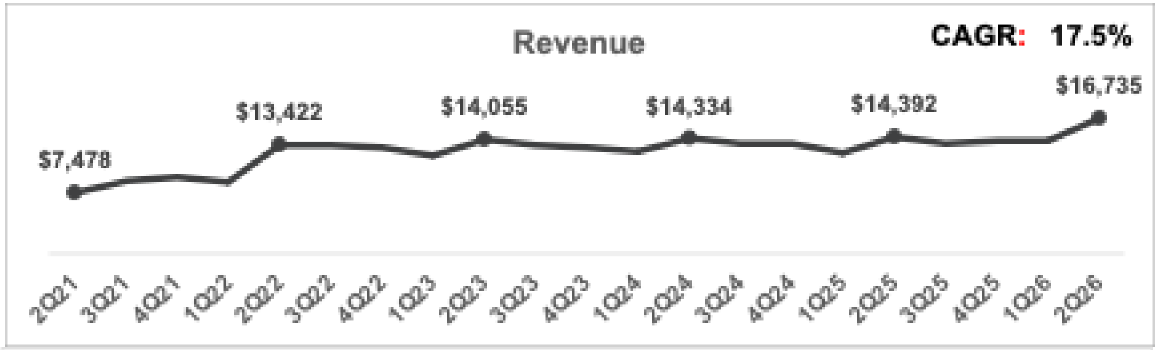
6 months 2026

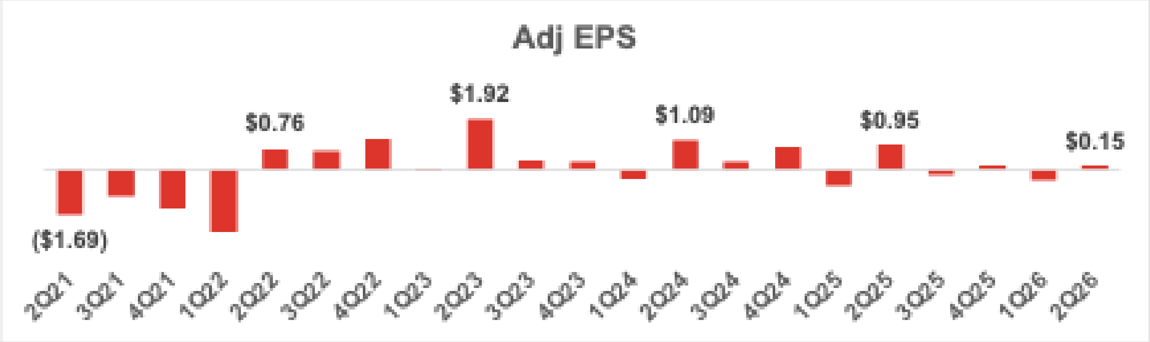


Non-GAAP – excludes special items

American Airlines







American

2Q26 adj. pretax income (loss) $144M

Management Commentary

- *We achieved record quarterly revenue on year-over-year growth of more than 16%. **Every entity we serve and every cabin we offer improved meaningfully.** This outstanding broad-based revenue performance reflects the strength of our commercial strategy anchored in 4 pillars: elevate the customer experience, grow the global network, drive premium revenue and lead in loyalty.*
- *We believe the macro environment positions American well, not only for the third quarter and the remainder of this year, but also the longer term. The revenue environment remains positive for the industry as demand for air travel remains strong.*
- *We remain wholly focused on building a stronger airline for our customers and for our team members. **We are on the right track with our 4-pillar commercial strategy. The progress we are seeing across customer experience, network, premium revenue and loyalty gives us confidence that the investments we are making today are enhancing our business and positioning us for long-term value creation***
- *.Just 3 weeks ago, we were expecting to guide to full year pretax earnings approaching $1.5 billion, approximately 4x our 2025 pretax income. The current fuel curve has dampened our near-term expectations. But longer term, we fully expect that our revenue performance and continued cost execution will result in material margin expansion when fuel prices normalize.*

Items of Interest

- Record quarterly revenue up 16.3% year over year, the highest quarterly revenue in company history. Total unit revenue up 10.3% YoY, with strong performance across all entities and cabins. **Premium passenger unit revenue up 13.4% YoY; Main Cabin up 8.8% YoY. Domestic passenger unit revenue grew 10.6%**, with Pacific region leading the international, up 15%. Managed corporate revenue up 26% YoY, with Aadvantage enrollments up more than 30% YoY. Co-brand spend up significantly.
- Fuel expense increased 83% YoY to $4.9B but American was able to offset nearly 50% through higher fares. In 3Q, fuel costs expected to add $1.7B YoY.
- CASM-ex increased only 3%, below expectations. 3Q CASM-ex will be slightly elevated due to lower capacity, but higher productivity should offset some costs.
- **Ended with $11.3B in liquidity**. Capital Expenditures of $4B. Executed several financings during 2Q to bolster liquidity and pay down higher interest rate debt.

American Airlines

Financial and Operating Statistics

American	2Q26	2Q25	2Q19	y/y	y/7y
Revenues	$16,735M	$14,392M	$11,960M	16.3%	39.9%
Adj Operating Income (EBIT)	$453M	$1,182M	$1,274M	(61.7%)	(64.4%)
Adj Operating Margin	2.7%	8.2%	10.7%		
Adj Pretax Income	$144M	$869M	$1,072M	(83.4%)	(86.6%)
Adj Net Income	$99M	$628M	$810M	(84.2%)	(87.8%)
Adj EPS	$0.15	$0.95	$1.82	(84.2%)	(91.8%)
Capacity (ASMs)	81.8 billion	77.6 billion	72.3 billion	5.4%	13.2%
Yield	22.33¢	19.96¢	17.57¢	11.9%	27.1%
TRASM	20.45¢	18.54¢	16.54¢	10.3%	23.6%
CASM	19.90¢	17.08¢	14.94¢	16.5%	33.2%
CASM-ex	13.93¢	13.59¢	11.34¢	2.5%	22.8%
Fuel (econ)	$4.05	$2.29	$2.14	76.9%	89.3%

Forward Guidance

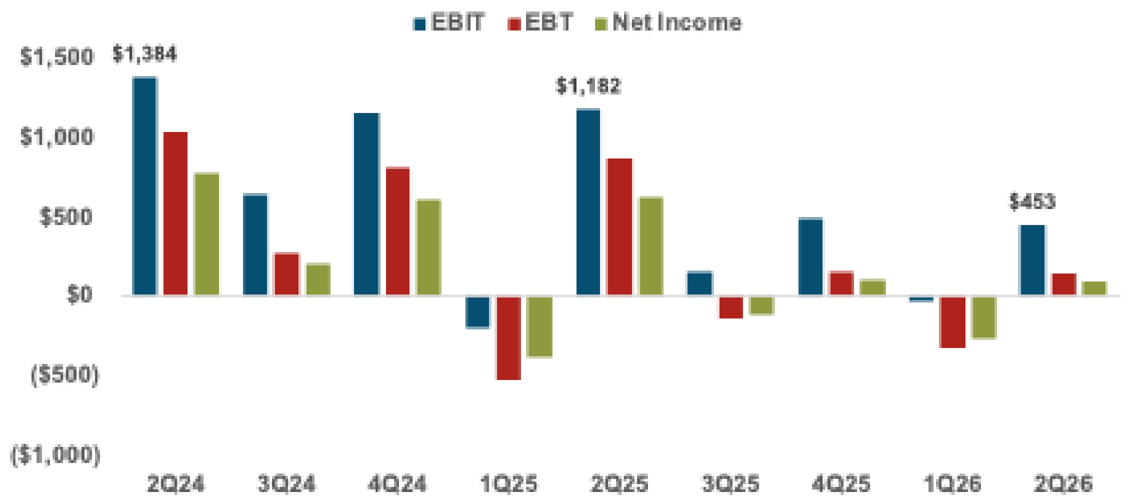
- **FY 2026**
  - EPS: ($0.65) - $0.65
- **3Q26**
  - EPS: ($0.70) – ($0.10)
  - Capacity: 3.0% - 5.0%
  - Revenue: 16%-19%
  - CASM-ex: 2.5% - 4.5%

EFA takeaway: American's commercial strategy is working to a degree, but guiding to a loss in the best travel quarter of the year (3Q) is disappointing. The carrier's leadership insists it's commercial strategy will soon pay off thru increased earnings.

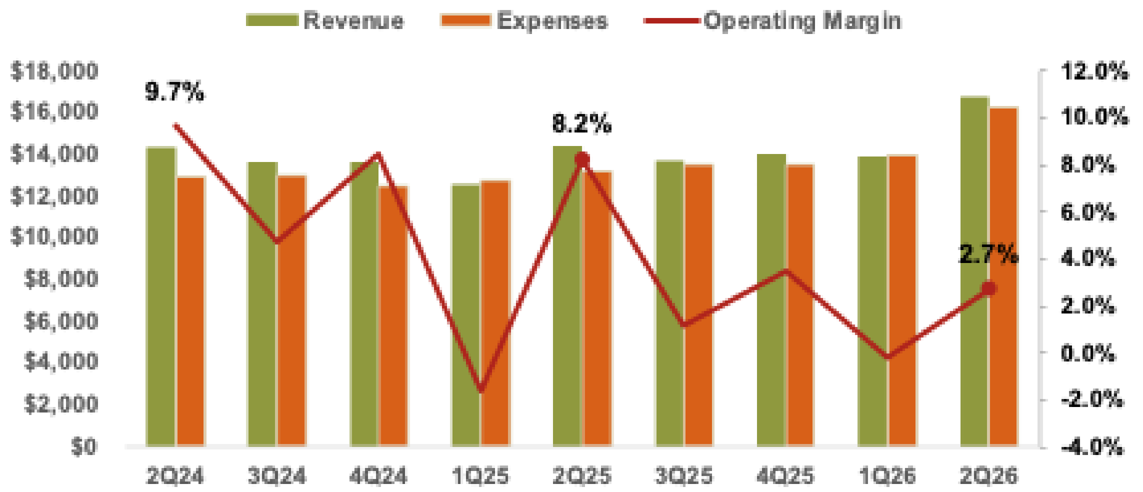
SWAPA

American - Financial Performance

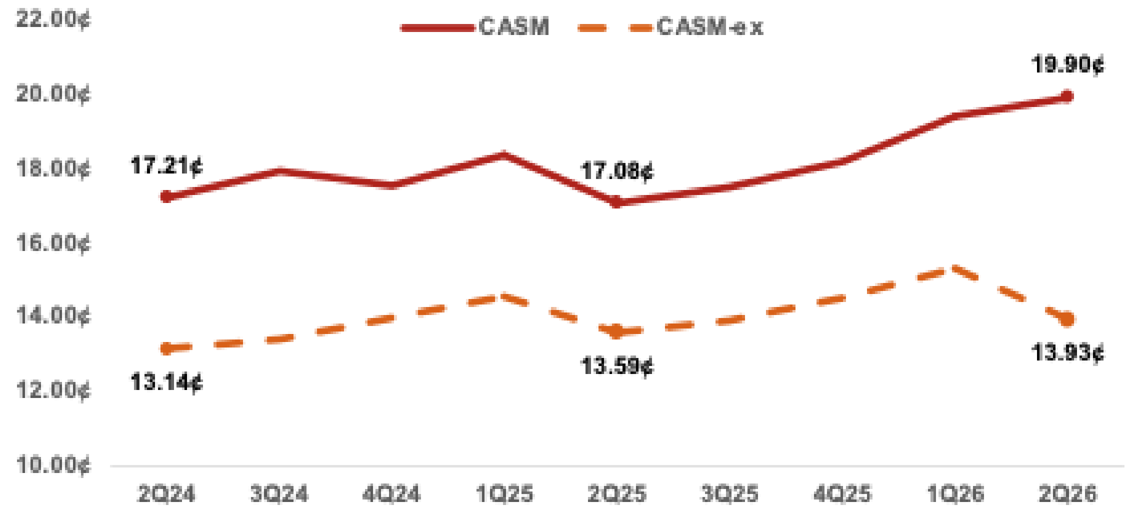
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



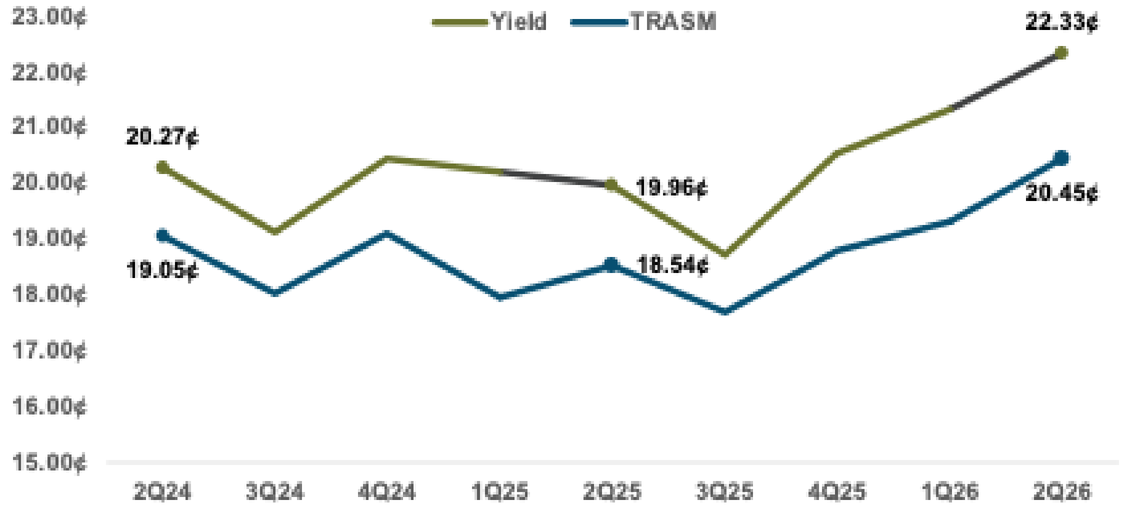
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM & CASM-ex



Yields & TRASM

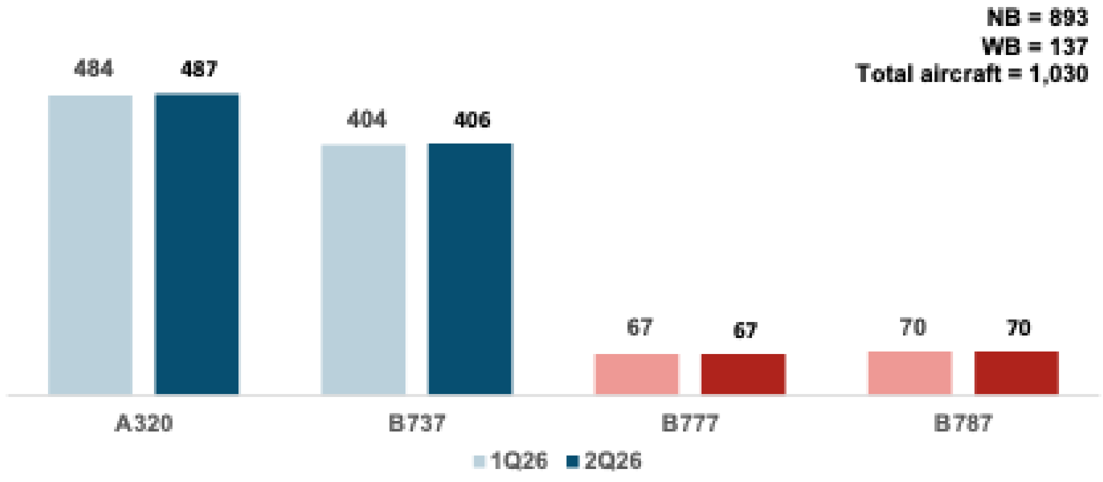


American – Network, Fleet, & Analyst Commentary

Network News and Notes

- **Expect to take 48 aircraft this year, a mix of 737-8's A321neo/XLR's and 787's.**
- Launched new nonstop routes to Europe, including service to Budapest, Hungary, and Prague from Philadelphia (PHL) and to Athens, Greece, from DFW, further strengthening its position in the premium trans-Atlantic market.
- Restarting MIA-Caracas, the first airline to restart service to Venezuela.
- Continue to add capacity to bolster key hubs at ORD, MIA, PHL and PHX.
- **The new Flagship Suites on the A321XLR were finally approved by FAA in mid-July**. The A321XLR will serve Barcelona from JFK and PHL to Edinburgh, Amsterdam and Lisbon, all beginning in either October or January 2027. JFK-EDI is the first route already operating. Domestically, the aircraft is being used to serve LAX/SFO-JFK and LAX-BOS.

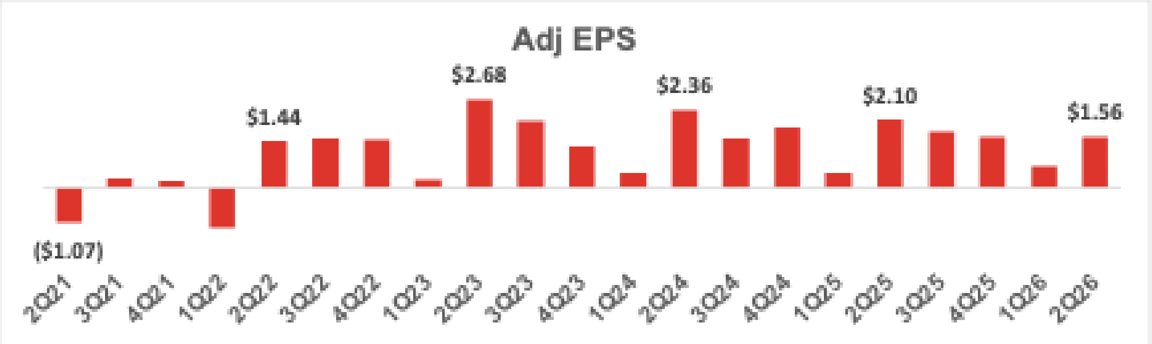
Mainline Fleet



Analyst Commentary

- *While American's commercial priorities can be chalked up as successful, the bottom-line result (i.e., adjusted EPS of $0.15) and revised full year 2026 outlook (i.e., breakeven at the midpoint) highlight the financial challenges faced by American, particularly when compared to its primary competitors.* ***The hope is that as American continues to build out its initiatives, it will be able to narrow the margin gap vis-à-vis its peers.***
- *The company benefits from strong premium/loyalty with improving domestic main-cabin revenue and commercial efforts (e.g., enhanced Citi co-branded credit card agreement) which should help the company weather the current energy crisis. Given the company's operating and financial leverage, we think AAL has the most upside assuming that hostilities in the Middle East are stabilized.*
- *American's 2Q26 adj. EPS of $0.15 was within than the late April guide of $(0.20)-0.20 and ahead of our/consensus' $0.10/$0.03 estimates. Topline growth of 16.3% y/y was largely consistent with expectations with the beat vs. our forecast primarily driven by lower fuel/non-op expense. The 2Q26 pretax margin of 0.9% lagged and Delta, Southwest and United but was ahead of Alaska.*
- *Importantly, American expects low-single-digit CASM-ex growth to resume as capacity growth returns to mid-single digits. American is targeting to offset ~$0.50-0.65/share of elevated fuel costs via continued fare recapture and efficiency gains.*
- While American had been making some progress in narrowing the margin gap vs. network peers, supported by steady demand, revenue initiatives, improved co-brand economics, and network optimization, **this appears to have taken a step back recently**. **Earnings remain more volatile than peers, and meaningful balance sheet leverage leaves less margin for error if fuel or demand moves against the group.**
- Coming out of COVID, we had thought that AAL's balance sheet "trapped" the equity. We no longer feel that is the case. **While we would not deem the balance sheet "fixed," execution on deleveraging has effectively removed significant overhang**, with the lowest capital spend of DAL and UAL in the near-term providing runway for further improvement.
- ***AAL is a rough story until the Iran war ebbs.*** *Shares are fully valued on our 2026 outlook and at 3.4x our 2027E EPS, a bargain for those with a strong stomach.*

Delta Air Lines



Delta

2Q26 adj. pretax income: $1.3B

Management Commentary:

- *For Delta, we are executing on our strategy from a position of strength. And with continued revenue momentum, measured capacity and a more stable fuel environment, we expect to return to earnings growth on double-digit operating margins in the second half of this year.*
- ***The strength and consistency of our results give us the ability to keep investing and innovating to extend Delta's lead, elevating the experience and creating a more seamless and personalized travel journey**. As we invest in the areas that customers value the most, loyalty to Delta continues to grow.*
- ***Our integrated commercial strategy is how we will continue to deliver a revenue and margin premium to the industry**. We are expanding our global network through new routes and JV partnerships while continuing to renew our fleet, enabling us to grow the network more profitably.*
- *Our balance sheet is the best in Delta's history with investment-grade ratings from all 3 major credit agencies and a substantial and growing base of unencumbered assets and secured borrowing capacity.*

Items of Interest

- Record 2nd quarter revenues reflected continued widespread demand strength on marginal capacity growth. TRASM grew 12% YoY, with Main cabin and domestic unit revenues growing double-digits as well. International increased 8%, led by the Latin American region and Premium revenue grew 17%, with the continued investment in additional premium seating.
- **Cargo and MRO revenues both increased by over 30% and these areas have become important streams of diverse revenue**. Amex renumeration grew 16% YoY as part of major increases in Loyalty program sales.
- CASM-ex grew nearly 7% YoY, reflecting higher crew costs and slower-than-planned capacity growth. Fuel prices were up 77%, despite some offset from a refinery benefit of $0.11 per gallon. Fuel prices expected to moderate in 3Q, but overall fuel expense will still be up 40% compared to 3Q 2025.
- **Have generated $1.4B in FCF after $2.6B in reinvestment in the business in 1H 2026**. Adjusted net debt in $13.6B, a reduction of $509M from YE 2025. Liquidity of $7.7B with a substantial base of unencumbered assets and secured borrowing capability.

Financial and Operating Statistics

Delta	2Q26	2Q25	2Q19	y/y	y/7y
Adj Revenues	$17,666M	$15,507M	$12,496M	13.9%	41.4%
Adj Operating Income (EBIT)	$1,564M	$2,049M	$2,138M	(23.7%)	(26.8%)
Adj Operating Margin	8.9%	13.2%	17.1%		
Adj Pretax Income	$1,359M	$1,805M	$1,997M	(24.7%)	(31.9%)
Adj Net Income	$1,027M	$1,370M	$1,532M	(25.0%)	(33.0%)
Adj EPS	$1.56	$2.10	$2.35	(25.7%)	(33.6%)
Capacity (ASMs)	78.7 billion	77.6 billion	71.8 billion	1.4%	9.7%
Yield	23.38¢	20.88¢	18.00¢	12.0%	29.9%
TRASM	22.45¢	19.97¢	17.35¢	12.4%	29.4%
CASM	22.74¢	18.73¢	14.37¢	21.4%	58.2%
CASM-ex	14.09¢	13.49¢	10.47¢	4.4%	34.6%
Fuel (econ)	$3.93	$2.26	$2.08	73.9%	88.9%

Forward Guidance

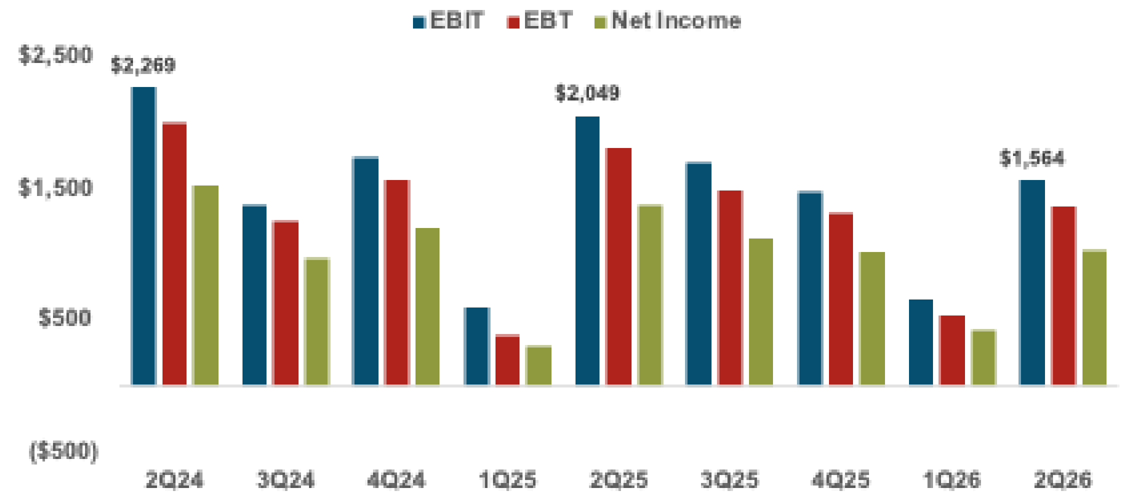
- **FY 2026**
  - Earnings per share: $6.50-$7.50
  - Free Cash Flow (FCF): $3B-$4B
  - Gross Leverage: 2X
- **3Q26**
  - Total Revenue YoY: Up mid-teens.
  - Operating Margin: 11%-13%
  - EPS: $2.00-$2.50

EFA takeaway: Delta reported another solid quarter despite escalating fuel prices. The carrier's positioning in premium travel and brand focus continues to pay dividends.

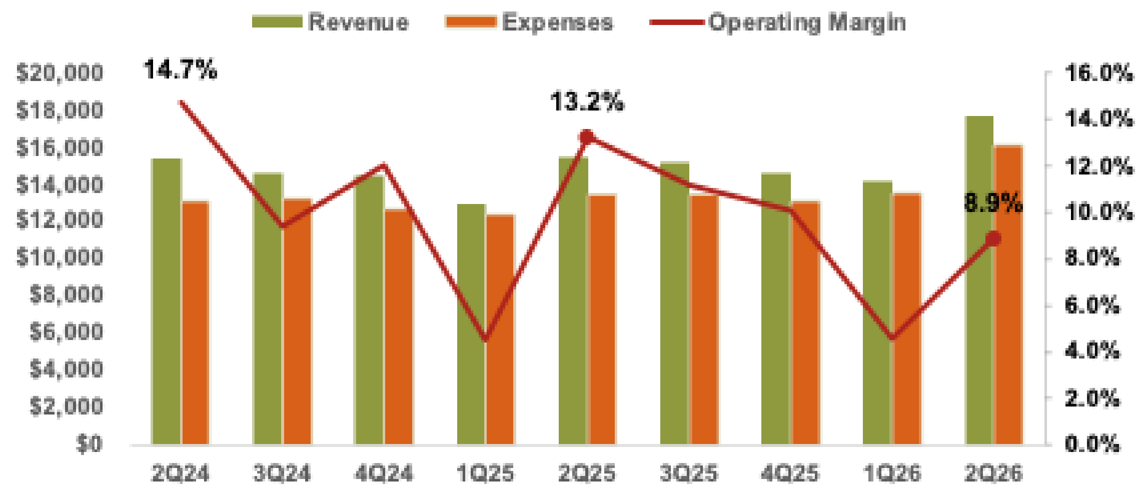
Delta - Financial Performance

DELTA

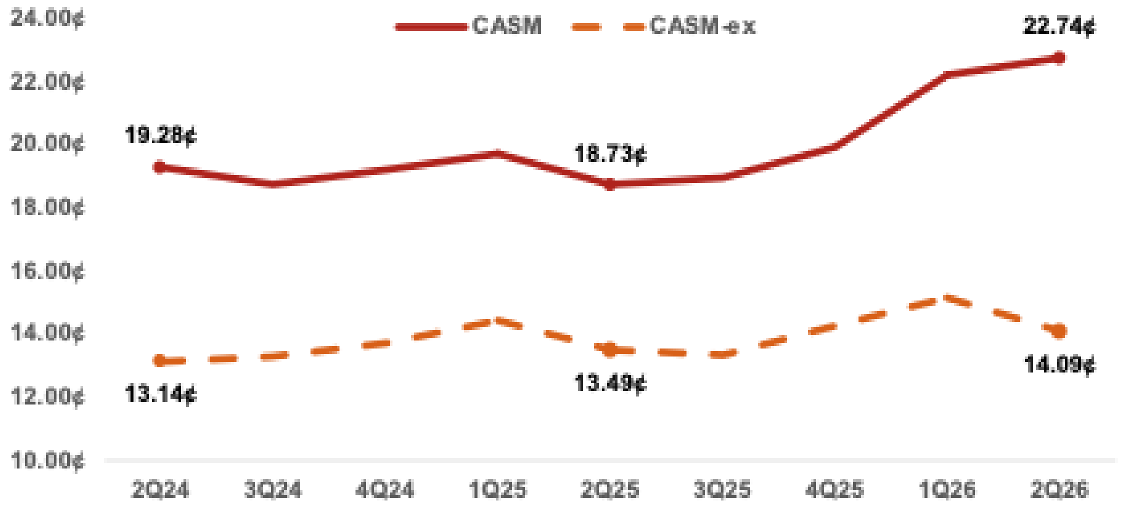
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



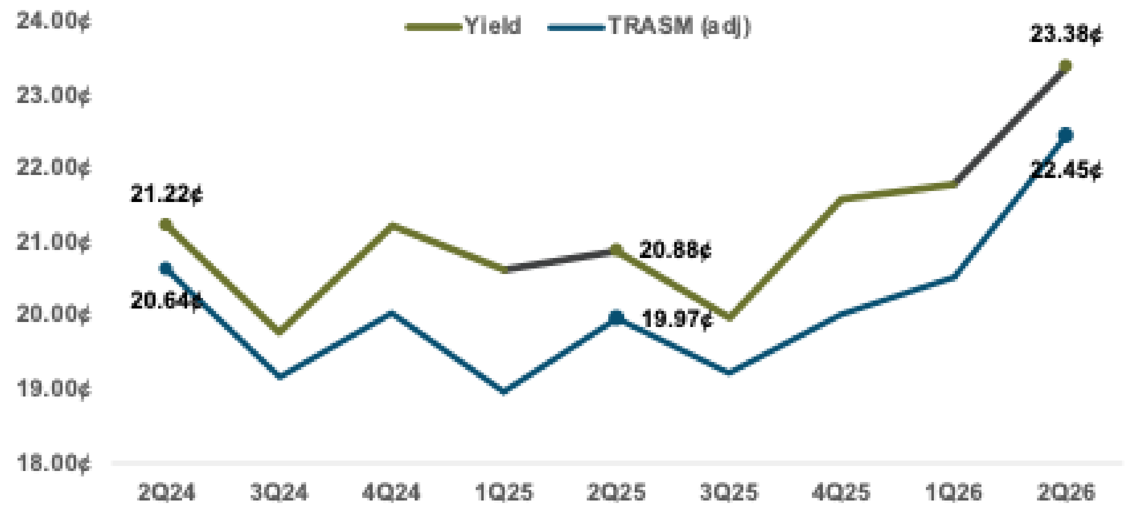
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM & CASM-ex



Yields & TRASM (adj)



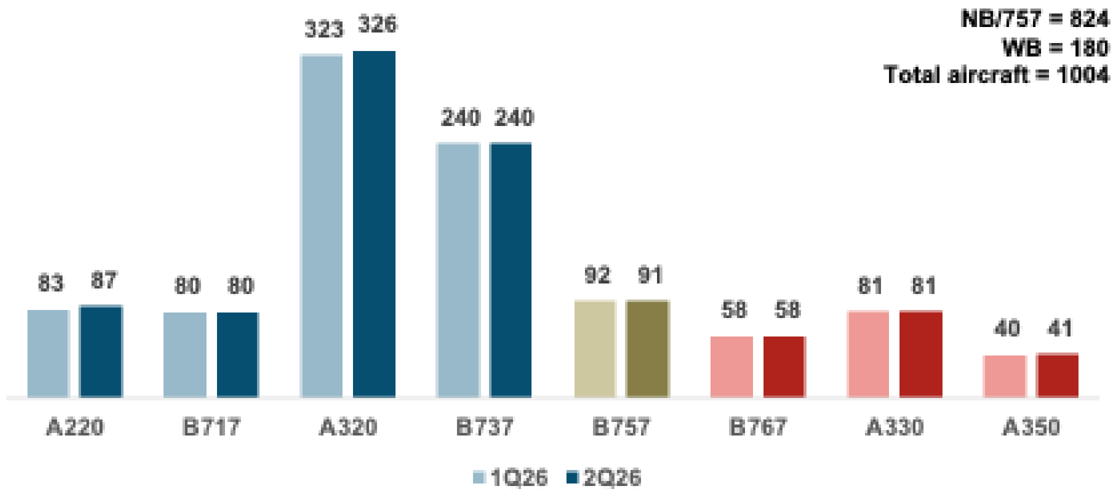
SWAPA

Delta – Network, Fleet, & Analyst Commentary

Network News and Notes

- **Took delivery of 11 aircraft in the June quarter, including A350-900, A321neo, and A220-300 aircraft.**
- Launched daily non-stop service from Los Angeles to Hong Kong and Chicago O'Hare, adding connectivity to key business markets from Los Angeles.
- Launched service to Porto, Malta, and Sardinia while adding service to Madrid, Nice, Rome, and Barcelona.
- Unveiled Delta's next-generation Delta One suite for the A350-1000 fleet and announced an expanded suite offering for the A330ceo fleet, now offers the most business class suites of any U.S. airline.
- Expect to begin deliveries of its 100 aircraft MAX-10 order within the next 1-2 years.
- Planning expansion in the Middle East, with Tel Aviv resuming service, new service to Riyadh and other new cities not yet announced.
- **AUS will continue to grow into a focus city, with added departures next summer.**

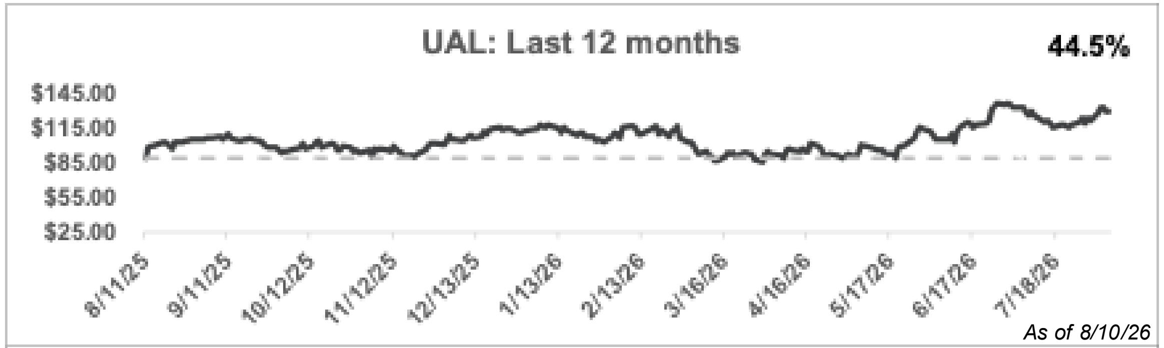
Mainline Fleet

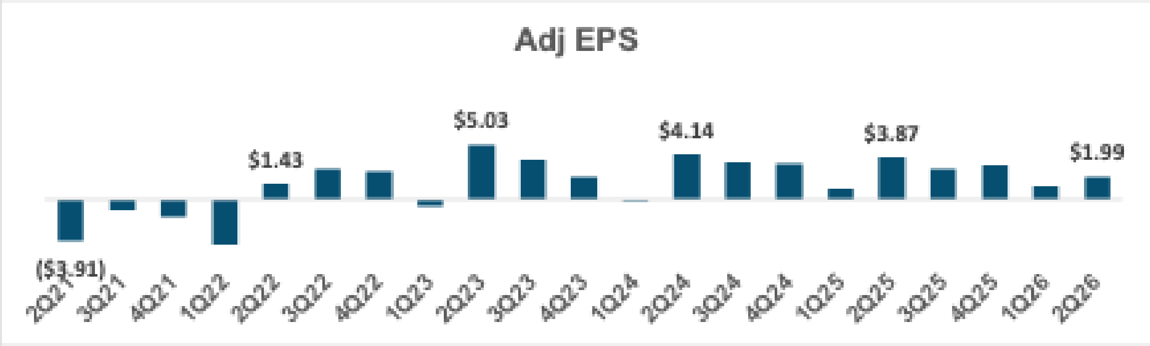


Analyst Commentary

- *We believe the weak stock reaction to Delta’s constructive 2Q print and 2H outlook reflects skepticism around the implied 4Q RASM resilience despite accelerating industry capacity and tougher comps. We still model modest RASM deceleration and more conservative fuel price, with our 2026E EPS at the low-end of Delta’s guidance.*
- *However, maintaining the original January EPS outlook despite a ~$4B fuel headwind is notable, and we see upside if the revenue environment develops as management expects. Main cabin trends are constructive for domestic-focused airlines into 3Q, while those with long-haul international exposure are likely better positioned into 4Q.*
- ***We continue to view it as a top pick for long-term investors, supported by structural advantages vs. network peers, expanding expanding third party MRO opportunity, strong balance sheet, and balanced capital deployment**, which should drive lower earnings volatility and broader investor appeal.*
- *While there is significant macro uncertainty and, in turn, risk to near term demand, Delta’s high margins, expected return to good cost execution, relief valve provided by its industry-high profit sharing, and healthy (and improving) balance sheet should result in less earnings volatility and provide the wherewithal to withstand shocks.*
- *We feel Delta delivered in terms of metrics, while affording a commendable (if anticipated) rebuke when addressing concerns over capacity creep and yield degradation now that fuel is (mostly) on the retreat. As we recently highlighted, we expect this theme to dominate earnings season.*
- ***Simply put, we continue to view Delta as the industry leader among full-service airlines**. Looking past COVID-19, DAL has reclaimed its throne with industry-leading loyalty economics, international travel tailwinds, and robust premium product demand, trends we think will continue for the foreseeable future.*
- *We were pleasantly surprised by Delta's reaffirmation of its full-year earnings guides, i.e., EPS $6.50 - $7.50, $3 - $4 billion free cash flow, and leverage of ~2x, particularly in what we estimate will be a ~$3.5 billion fuel expense headwind. **Improving operational performance, measured capacity growth, and a strengthening investment-grade balance sheet position the company to return to earnings growth and double-digit margins in the second half.***

United Airlines





United

2Q26 adj. pretax income: $843M

Management Commentary

- *Demand remains robust as we expect both 3Q and 4Q RASM to grow faster than 2Q's 12% and yields for fourth quarter are currently booked about 14 points higher for 4Q than at the same point in time for 3Q.*
- ***Our focus on building brand loyalty is evident in our strong top line performance with second quarter revenues up 16%, recovering about half the increase in fuel price for the period.***
- *United's Q3 schedules are largely final. United's Q4 domestic schedules are not final and will be adjusted downward when finalized. While we are not providing capacity guidance anymore, we will make a final determination on Q4 capacity as we get closer to the quarter where we can properly consider the latest fuel and demand trends.*
- ***Our customers increasingly desire a better travel experience, and we believe they will continue to pay reasonable prices for it.** That's why we invest billions of dollars into our business. It's why our margins have been near the top of the industry, and it's why we expect to continue to deliver strong top line revenue growth and mid-teens margins in the years to come.*

Items of Interest

- Domestic and International PRASM both up 12%, with cargo and loyalty revenues also up double-digits. A revamp of the Mileage Plus program was cited for the record number of new co-brand accounts and card spend. **Premium PRASM up 12% and Main Cabin PRASM was positive for 2nd Qtr after years of below average performance.** Business travel remains strong, particularly close-in, with growth in all hubs.
- **Gauge has increased from 104 to 126, expect to hit goal of 136 in 2027 as the United Next plan should be complete in 2027.** New initiatives like the Coastline, A321XLR, Starlink, delivery of MAX-10, Relax Row product and CRJ-450 will be the emphasis.
- CASM-ex higher due to labor deals (F/A's) and reduced capacity. Annual fuel costs greater than $6B at current prices. Expect to recapture 100% by 4th Qtr.
- Liquidity of $19M. Total debt of $26M with $322M of FCF. Raised $3.7B of new debt for the purpose of paying cash for new A/C and prepay higher interest rate debt. Have retired over $1B in PSP and legacy aircraft debt since 2Q.

UNITED

Financial and Operating Statistics

United	2Q26	2Q25	2Q19	y/y	y/7y
Revenues	$17,672M	$15,236M	$11,402M	16.0%	55.0%
Adj Operating Income (EBIT)	$951M	$1,772M	$1,543M	(46.3%)	(38.4%)
Adj Operating Margin	5.4%	11.6%	13.5%		
Adj Pretax Income	$843M	$1,670M	$1,416M	(49.5%)	(40.5%)
Adj Net Income	$649M	$1,267M	$1,100M	(48.8%)	(41.0%)
Adj EPS	$1.99	$3.87	$4.21	(48.6%)	(52.7%)
Capacity (ASMs)	87.3 billion	84.3 billion	73.2 billion	3.5%	19.2%
Yield	22.13¢	19.74¢	16.64¢	12.1%	33.0%
TRASM	20.25¢	18.06¢	15.57¢	12.1%	30.1%
CASM	18.99¢	16.49¢	13.56¢	15.2%	40.0%
CASM-ex	13.12¢	12.36¢	9.93¢	6.1%	32.1%
Fuel (econ)	$4.19	$2.34	$2.16	79.1%	94.0%

Forward Guidance

- **FY 2026**
  - Adjusted earnings per share: $9.00-$11.00
  - Capacity: 4th Quarter capacity will decline from current schedules.
  - CAPEX: $7.5B
- **3Q26**
  - Earnings per share: $2.50-$3.50
  - Avg fuel price per gallon: $3.69

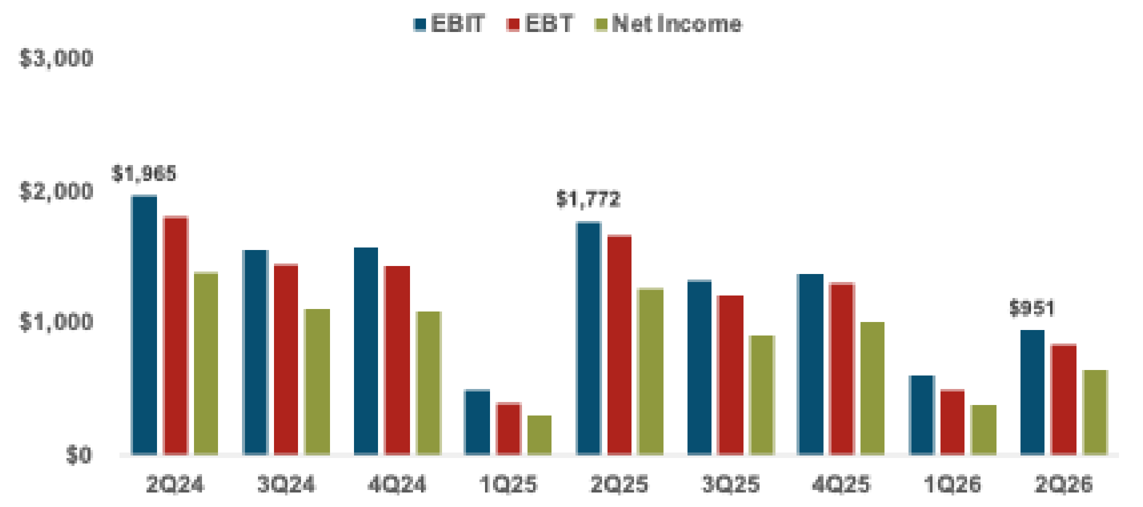
EFA takeaway: United's solid second quarter results partially impacted by high fuel prices, but clearly their focus on increasing premium products is producing durable earnings.

SWAPA

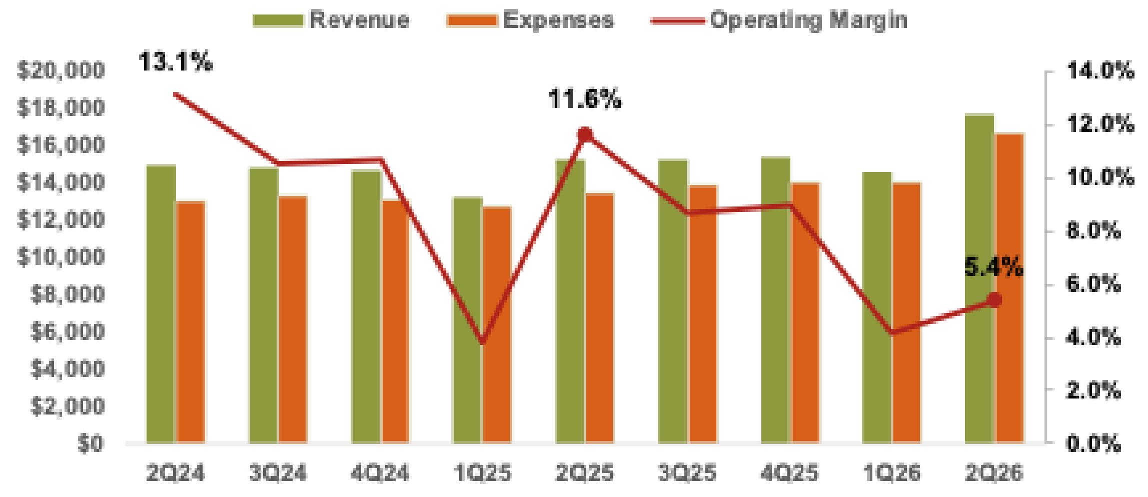
United - Financial Performance

UNITED

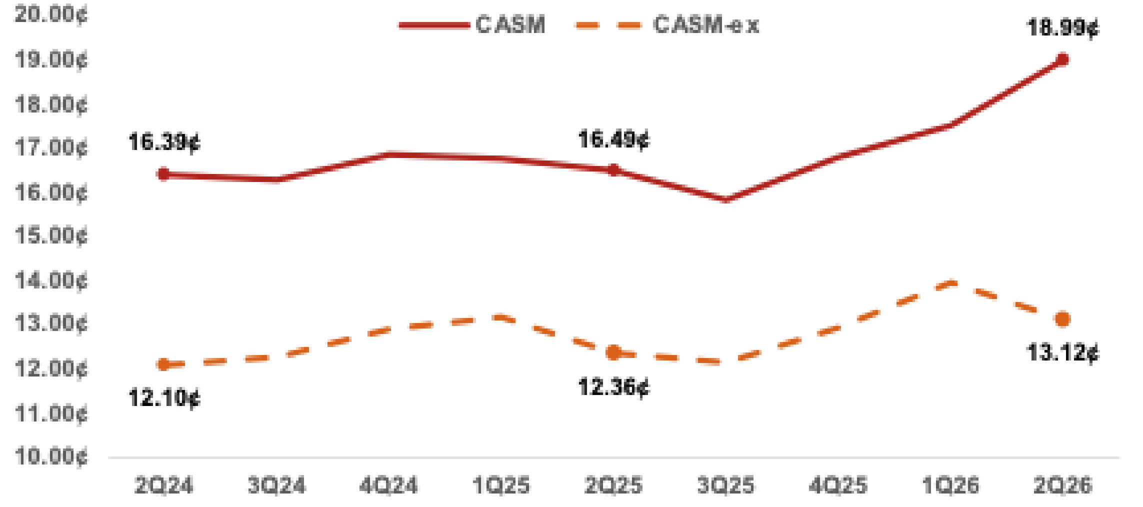
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



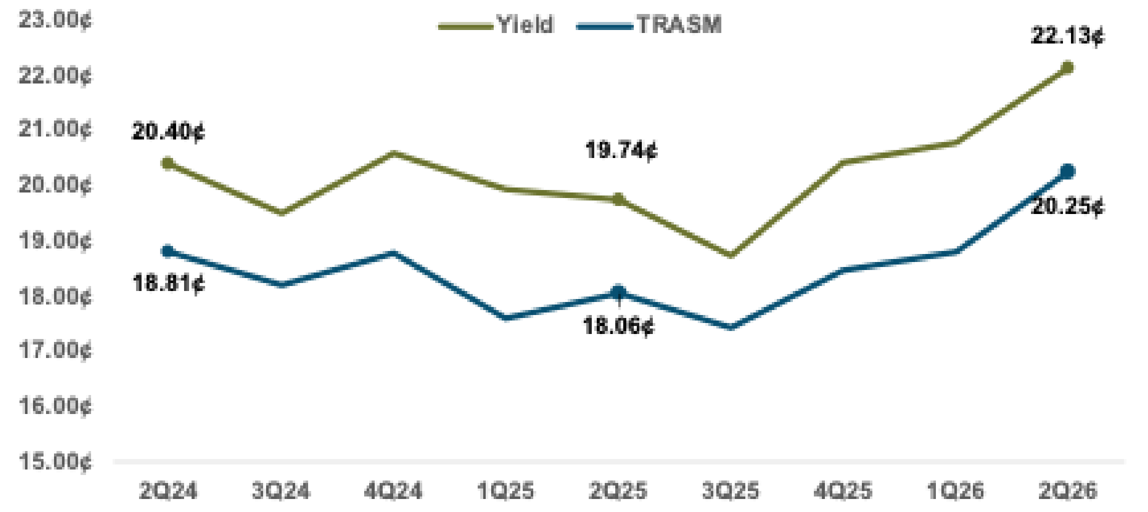
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM & CASM-ex



Yields & TRASM



SWAPA

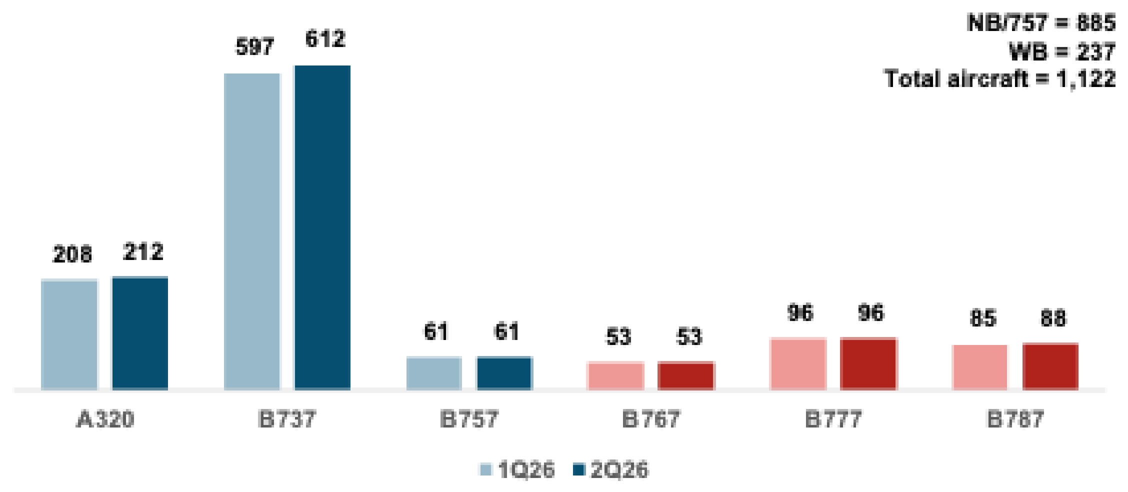
United - Network, Fleet and Analyst Commentary

UNITED

Network News and Notes

- Took delivery of 23 aircraft during 2Q, a mix of 737 Max-9's, 787's and A321neo/XLR's. Retired 1 aircraft. **Revised number of deliveries for 2026, down to 73 from over 80 earlier in the year.**
- **Launched 27 new routes in the U.S. and Canada, including nine new domestic routes from Chicago-O'Hare.**
- Began service from New York/Newark to four new transatlantic destinations: Bari, Italy; Split, Croatia; Santiago de Compostela, Spain; and Glasgow, Scotland, and launched service between Washington/Dulles and Reykjavik, Iceland.
- Plan to launch service later this year to five new destinations: Caracas, Venezuela; Cartagena, Colombia; Sapporo, Japan; St. Croix, U.S. Virgin Islands; and Tuxtla Gutierrez, Mexico.
- Announced four new routes to existing destinations including Chicago to Tokyo-Narita; Washington/Dulles to Los Cabos, Mexico; Denver to Providenciales, Turks and Caicos; and Houston to Santo Domingo, Dominican Republic.

Mainline Fleet



Analyst Commentary

- ***United reinforced Delta's constructive demand commentary, with minimal demand destruction*** *despite another industry fare increase this week and booking trends pointing to another quarter of strong RASM growth into 4Q.*
- *United's 2Q26 adjusted EPS of $1.99 came in toward the upper end of the late April guide of $1.00-2.00 and compares to our consensus'$2.10/$1.90 estimates. The miss vs. our forecast was primarily driven by higher non-fuel costs. United's adj. pretax margin of 4.8% lagged Delta's 7.7% despite United's results lacking market rate contracts for some work groups (e.g., flight attendant partial quarter, mechanics).*
- *United's revised guidance, for both 3Q and FY26, squares nicely with our recently-bolstered expectations, save for its real-time embrace of fuel prices.*
- *Despite what we initially thought, we were unable to identify any material fault with either UAL's 2Q print or its guide.*
- ***United corporate commentary stood out to us*** *–* ***United shared that corporate load factors remain five points below pre-Covid averages but can carry as much as an 80% yield premium versus leisure****. Further, in the Atlantic market, United cited the perfect "bifecta" of loads rising in business premium and leisure premium, simultaneously. Our view is that while United hasn't specifically built a continuation of these trends into its guide, it nonetheless represents a likely upside driver, in our view.*
- *We believe UAL possesses exposure to the strongest industry tailwinds, primarily robust demand for international travel and premium products. With Legacy airlines widening the outperformance gap over LCCs (low-cost carriers), we expect trends to continue to favor the Big 3 (DAL, UAL, AAL) in the medium term.*
- *Our view; shorter-term investors will likely walk away from UAL's earnings release disappointed on a near-term guide that falls short;* ***however, we're walking away concluding there is margin upside to come in the next 1-3 years.***
- *Management noted several key drivers of margin expansion over the coming years are on track. Progress on these initiatives will drive margin expansion over the coming years on the way to the company's double digit pretax margin target.*

Hybrid/Low-Cost Carriers

Alaska

jetBlue

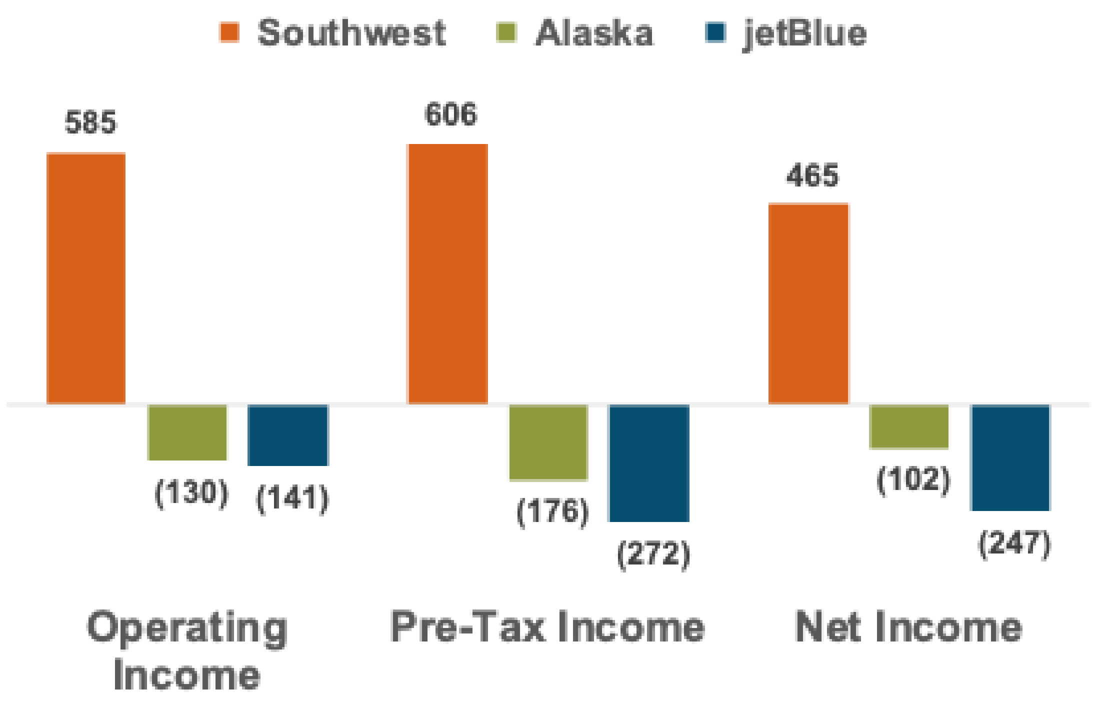
Southwest

Sources: Airline financial press releases, SEC filings, and SWAPA analysis

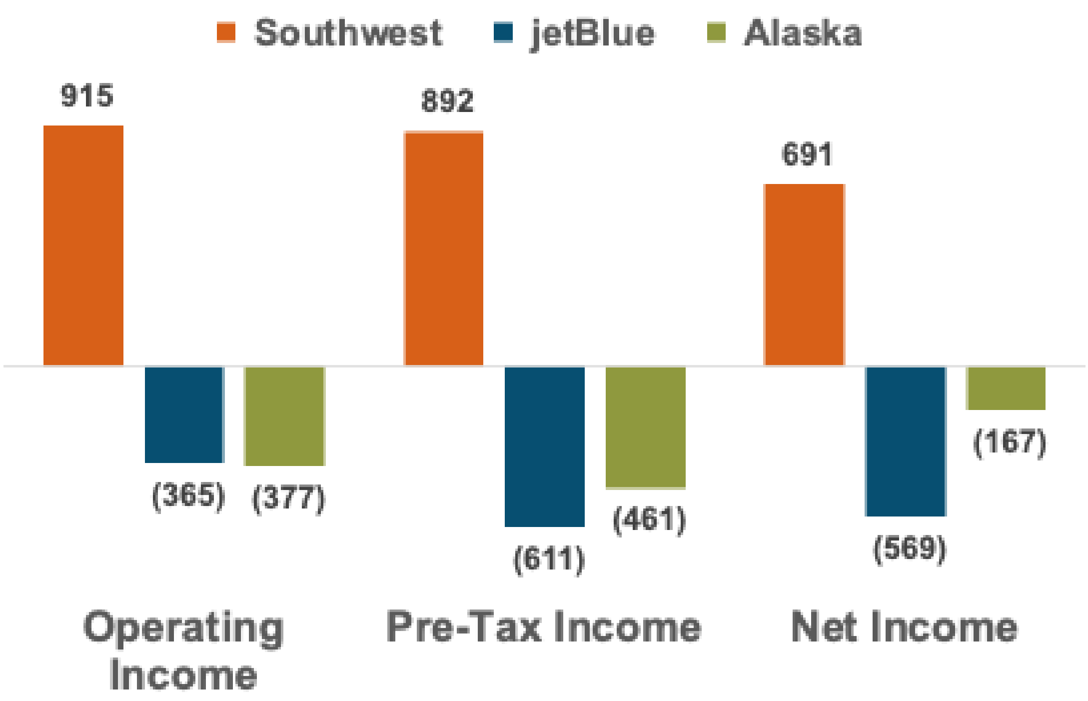
Key Financial Results

Hybrid/LCC vs. Southwest

2nd Quarter 2026

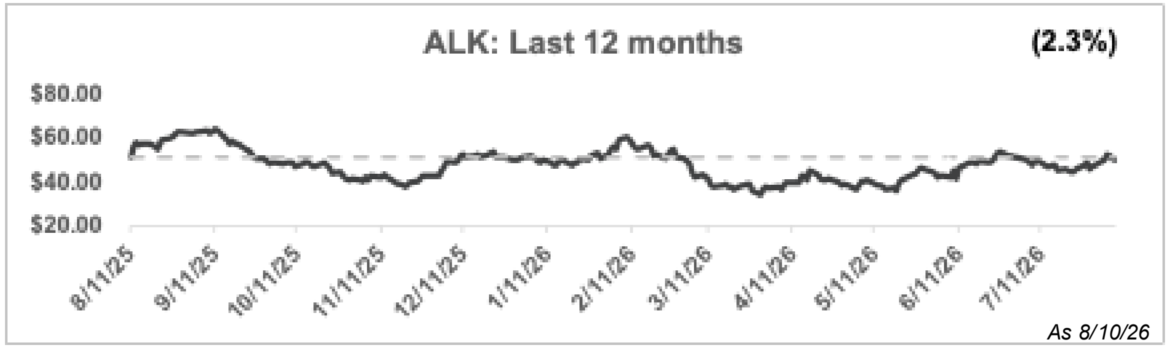


6 months 2026



Non-GAAP – excludes special items

Alaska Airlines



Alaska/Hawaiian

2Q26 adj. pretax income (loss): ($176M)

Management Commentary:

- ***While we beat our initial guidance for the second quarter, we still reported a loss and we're not satisfied with that outcome****, especially in what should be one of our strongest quarters of the year.*
- *Unit revenues strengthened, unit cost improved and we returned to profitability in June with a double-digit pretax margin despite fuel prices up nearly 70% year-over-year. Absent the fuel spike, this would have been a solidly profitable quarter which underscores that our underlying business is running well and that Alaska Accelerate is working.*
- *It's worth reiterating from a diversification perspective, which premium has helped fuel more than half of every revenue dollar we generate now comes from outside the main cabin, a mix that looks nothing like the airline of even a few years ago.*
- ***This was a fundamentally healthy quarter****. Nonfuel cost performance and the trajectory of unit revenue through the quarter were both strong. As fuel normalizes, the timing of which is difficult to predict, we see a clear path toward meaningful earnings expansion.*

Items of Interest

- Reported a loss despite nearly double-digit increase in unit revenues and strength in yields. Quarterly results were impacted by historic rainstorms in Hawaii, which reduced system revenues by 3% and higher fuel prices.
- **Hawaii remains a 2%-3% drag in 3Q, but loads and bookings are improving in Sept.**
- Premium revenue increased 15%, cargo by 21% and managed corporate revenue accelerated 30% YoY. Loyalty performance also solid, with cash renumeration up 19%.
- Second quarter fuel cost was nearly $4.50 per gallon, an increase of 85% YoY, resulting in a $600M increase in incremental fuel costs.
- Non-fuel costs increased over 6% on 1% capacity growth, which bettered prior guidance. This reflects 2.5% in transitory costs, including prior year sales gains, crew training costs and other employee costs.
- **Raised $1B in financing during the quarter, to target liquidity of 15%-25% of TTM revenue**. Generated $600M of operating cash flow during 1st six months of 2026. $3.8B in availability liquidity, this includes $500M of senior unsecured notes and $500M of term loans secured by Atmos Rewards. $20B of unencumbered assets.

Financial and Operating Statistics

Alaska	2Q26	2Q25	2Q19	y/y	y/7y
Revenues	$4,065M	$3,704M	$2,288M	9.7%	77.7%
Adj Operating Income (EBIT)	($130M)	$334M	$375M	n.m.	n.m.
Adj Operating Margin	(3.2%)	9.0%	16.4%		
Adj Pretax Income	($176M)	$295M	$362M	n.m.	n.m.
Adj Net Income	($102M)	$215M	$270M	n.m.	n.m.
Adj EPS	($0.92)	$1.78	$2.17	n.m.	n.m.
Capacity (ASMs)	24.3 billion	24.1 billion	17.0 billion	1.0%	43.1%
Yield	18.21¢	16.62¢	14.43¢	9.6%	26.2%
TRASM	16.72¢	15.39¢	13.48¢	8.6%	24.0%
CASM	17.42¢	14.24¢	11.33¢	22.3%	53.7%
CASM-ex	11.40¢	10.90¢	8.33¢	4.6%	36.9%
Fuel (econ)	$4.43	$2.39	$2.27	85.4%	95.2%

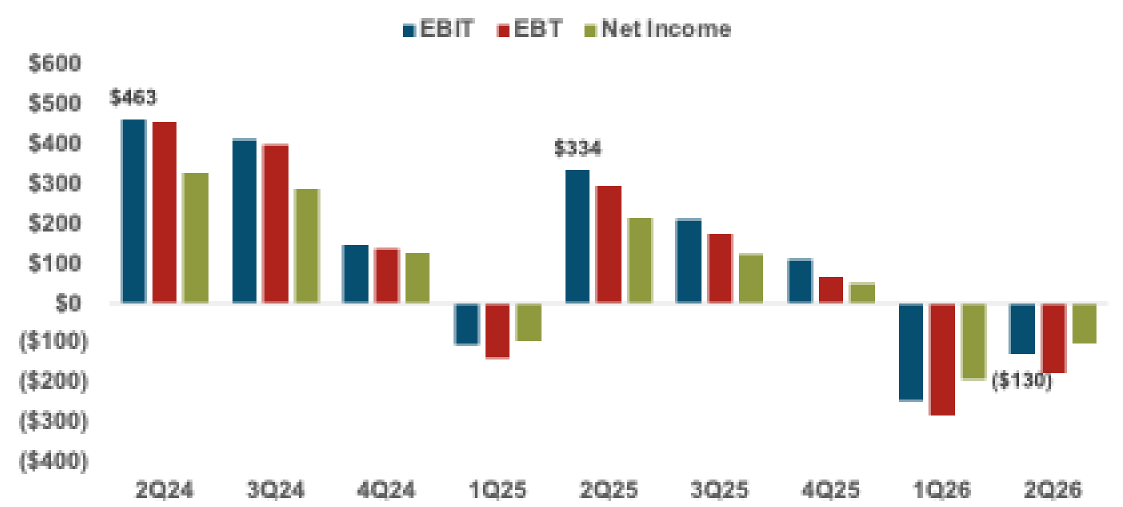
Forward Guidance

- **FY 2026**
  - Adjusted EPS: **Alaska suspended all full-year guidance due to fuel prices**
  - Capacity:
  - Capex:
- **3Q26**
  - Capacity: Up 2%-3% RASM: Up low double-digits
  - Adjusted EPS : $0.00-$1.00 CASM-ex: Up low to mid single digits
  - Fuel Price per gallon: $3.75

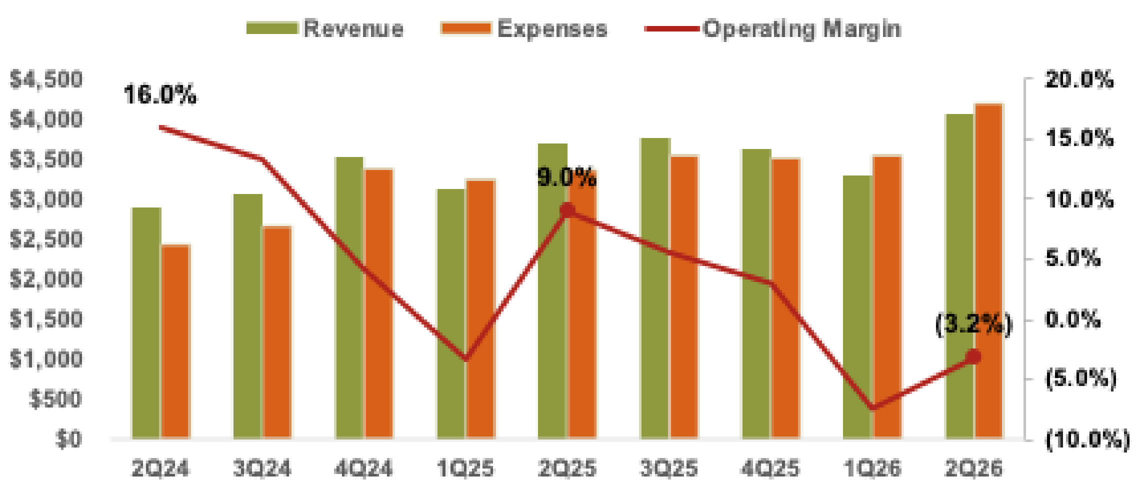
EFA takeaway: Alaska has had several somewhat temporary events impact earnings in the past several quarters. The Company has a solid product, but the Hawaiian integration and new long-haul service need to contribute sooner rather than later.

Alaska - Financial Performance

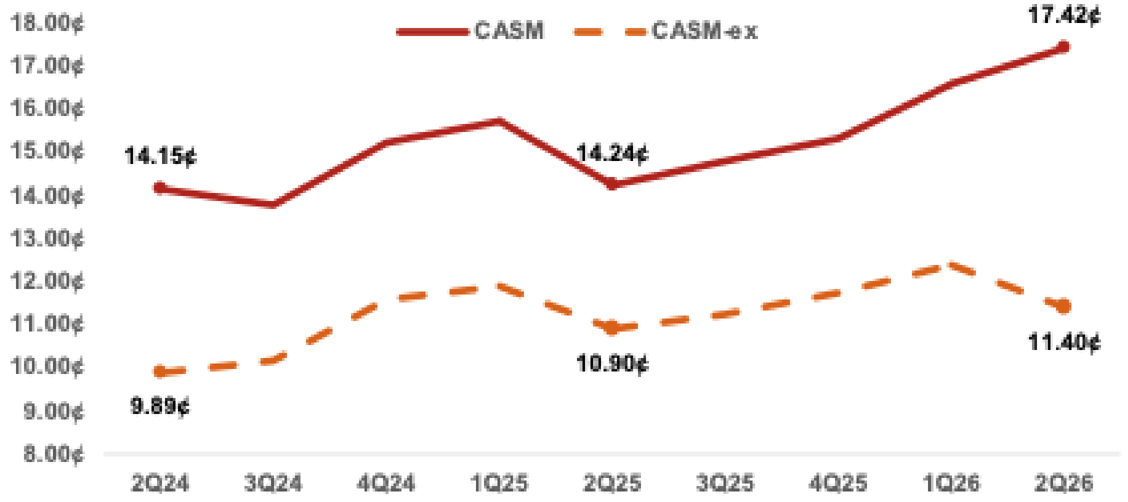
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



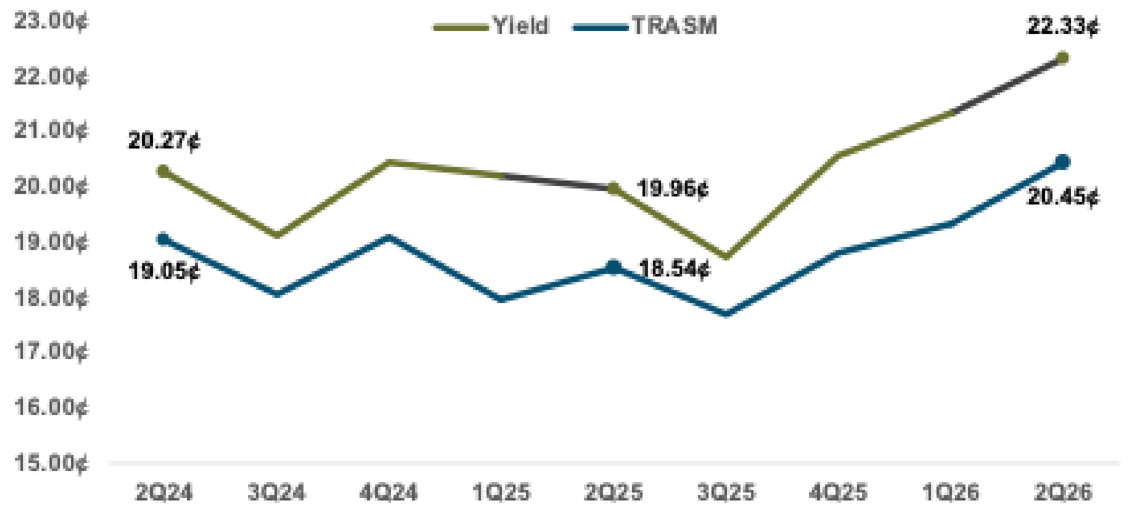
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM & CASM-ex (consolidated; ALK no longer breaks out mainline)



Yields & TRASM

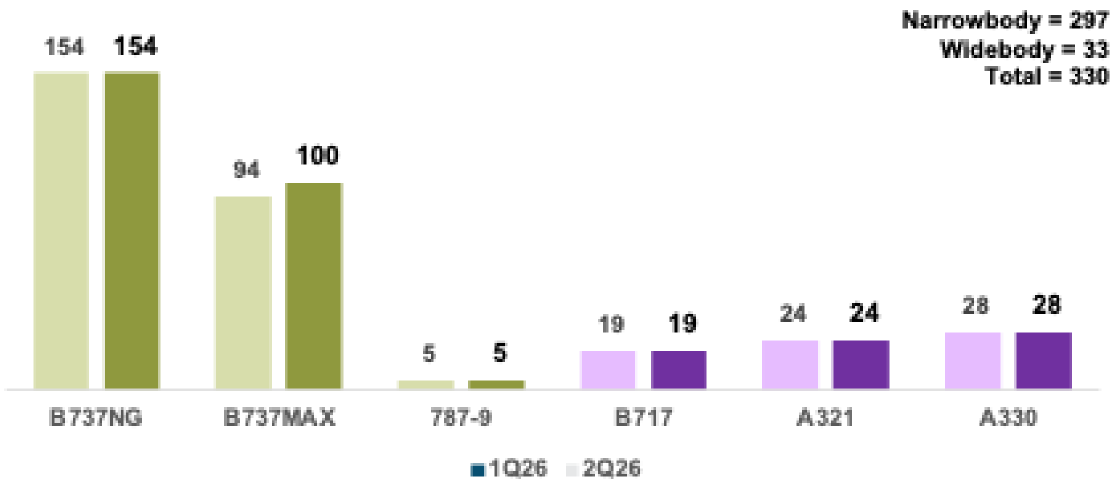


Alaska - Network, Fleet and Analyst Commentary

Network News and Notes

- **Launched new transatlantic service from Seattle with flights to Rome, London, and Reykjavik, further expanding the international network.**
- Took delivery of six 737-8 aircraft, two E175 aircraft, and added one E175 under CPA with SkyWest.
- **Announced agreement to add four 737-800 freighter aircraft to Alaska's cargo fleet,** effectively doubling the cargo fleet's capacity. Service beginning 2027.
- Will fully transition 717's to 737-800's for interisland service in starting 2028. Completed the 737 cabin retrofits, adding expanded first and premium class seating and refreshed cabin interiors in 2028. First 737-800 will start interisland later this year.
- Announced expansions in the domestic route network, including the addition of new routes from Santa Rosa, the return of service between Seattle and Long Beach, new service from Honolulu to Burbank, Spokane, and Boise, and increased service between Honolulu and Las Vegas.

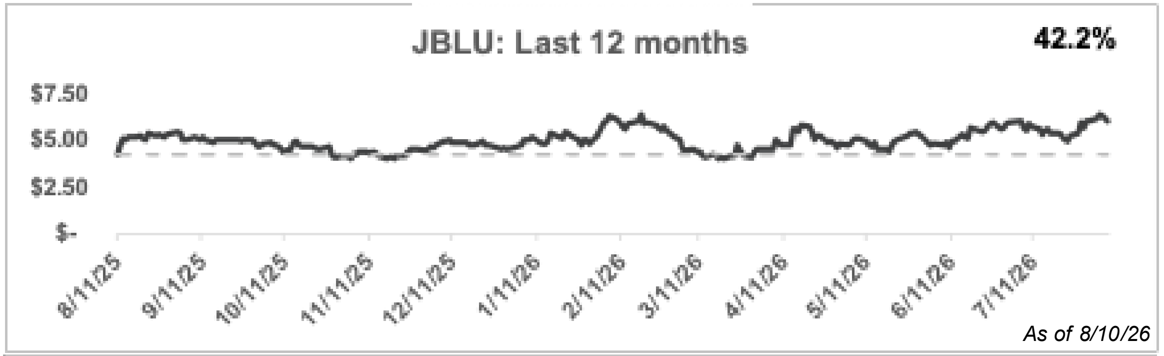
Mainline Fleet

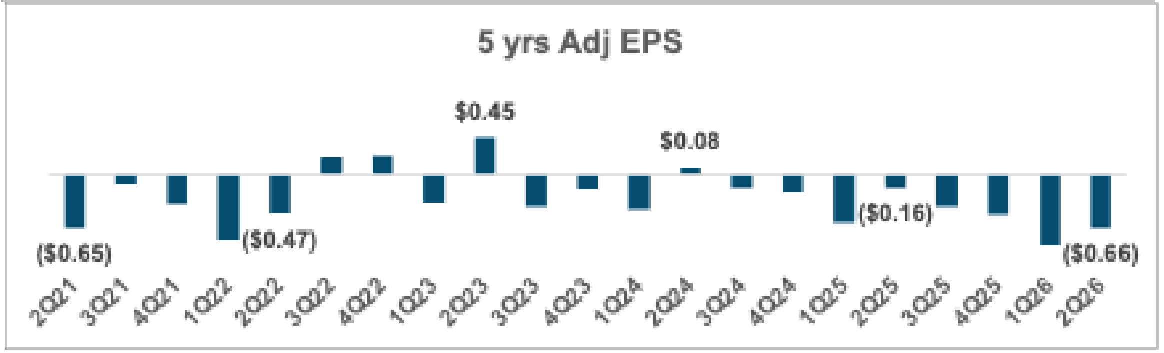


Analyst Commentary

- ***Alaska has seemingly been stuck in a vicious cycle, flashing potential only to be quickly derailed by an unforeseen event.*** *That likely applies to much of our airline coverage, but the idiosyncratic headwinds have been far more visible at Alaska.*
- *If the macro settles and the headwinds in Hawaii start to turn into tailwinds, it's not hard to see industry-plus unit revenues and healthier controllable margins in the years ahead.*
- *Investor conviction remains relatively low, however, as both Delta and United have begun to prove downside earnings durability, something we've yet to see from the new Alaska.* ***Ultimately, Alaska has all the potential to reach the status Delta and United command with investors****, but it needs to string a couple of drama-free quarters together to get there.*
- *We are encouraged by management's commentary that demand remains resilient across the network outside of Hawaii, with June producing double-digit unit revenue growth and double-digit pretax profit margins. Additionally, unit costs are expected to improve in 2H26.*
- *Heading into the print, we expected less upside from Alaska vs. U.S. peers (ex. fuel) given the Hawaii-West Coast headwinds and the limited Spirit overlap.* ***While the Hawaii drag in 2Q/3Q is greater than forecasted, we are encouraged that the 3Q revenue outlook was nevertheless in line along with the potential for the drag to continue to moderate into 4Q****.*
- *We anticipate strong earnings recovery as Alaska builds on its dominant market position at key West Coast and Hawaii airports and idiosyncratic earnings drivers related to Alaska Accelerate.*
- ***While risks remain related to increased complexity of the business model following the Hawaiian acquisition, particularly the widebody aircraft exposure, Alaska is taking a very measured approach to this risk.***
- *Alaska's dominant market position at key airports (thus, better ability to control its destiny), idiosyncratic earnings drivers related to Alaska Elevate along with a history of good execution, and a reasonably strong balance sheet make ALK an attractive option.*

JetBlue Airways





JetBlue

jetBlue

2Q26 adj. pretax income (loss): ($272M)

Management Commentary

- *Our second quarter results reflect continued demand for the distinctive JetBlue product and traction from our JetForward initiatives.*
- *Demand held up well even as fares moved higher, and we did not see material signs of elasticity. Demand strength was robust throughout the booking curve, including close-in demand, and that strength has carried into the third quarter. **Premium products, including Mint and EvenMore, continue to perform exceptionally well.***
- *While there have undoubtedly been quarters influenced by factors outside of our control from weather to macro, the underlying trajectory of the business continues to improve, and our confidence in the years ahead continues to grow.*
- *Blue Sky and BlueFirst are 2 of our most meaningful commercial initiatives, and we are still in the very early innings of realizing the associated margin benefits. **BlueFirst is the largest individual JetForward initiative. It represents an important next step in evolving JetBlue's product offering.***
- *We remain committed to maintaining liquidity within our target range of 17% to 20% of trailing 12-month revenue while optimizing our cost of capital.*

Items of Interest

- Reported a loss that was lower than expected as better revenue production and lower unit costs helped to offset higher fuel costs.
- **Operating revenue per available seat mile ("RASM") increased 10.9% year-over-year,** near the better end of the revised guidance range, supported by strong demand across nearly all products and regions. Recaptured nearly 50% of higher fuel costs during the second quarter. **Expect JetForward plan to generate $1.2B EBIT by 2028.**
- Premium RASM increased 13%, Main Cabin 11% as demand was reflected across all products. Loyalty revenues up 13%, Loyalty renumeration up 21% as co-brand accounts and card acquisitions hit record levels.
- Secured P&W credits that will result in a reduction of operating expenses thru 2027 as well as a reduction in Capex in 2026 and 2027. Could add 3% to operating margins.
- CASM-ex up 2.4%, below guidance with fuel costs up 76%. 100% fuel recapture 2027.
- Liquidity of $2.2B, helped by $500M aircraft financing in 2Q. Full year Capex of $850M from A/C deliveries, F/C install and LGA slots. Average cost of debt is 6.8%.

Financial and Operating Statistics

jetBlue	2Q26	2Q25	2Q19	y/y	y/7y
Revenues	$2,697M	$2,356M	$2,105M	14.5%	28.1%
Adj Operating Income (EBIT)	($141M)	$30M	$252M	n.m.	n.m.
Adj Operating Margin	(5.2%)	1.3%	12.0%		
Adj Pretax Income	($272M)	($73M)	$238M	n.m.	n.m.
Adj Net Income	($247M)	($58M)	$180M	n.m.	n.m.
Adj EPS	($0.66)	($0.16)	$0.60	n.m.	n.m.
Capacity (ASMs)	17.2 billion	16.6 billion	16.0 billion	3.2%	7.1%
Yield	17.53¢	15.99¢	14.74¢	9.6%	18.9%
TRASM	15.71¢	14.17¢	13.14¢	10.9%	19.6%
CASM	16.53¢	14.13¢	11.58¢	17.0%	42.7%
CASM-ex	11.12¢	10.86¢	8.46¢	2.4%	31.4%
Fuel (econ)	$4.23	$2.40	$2.16	76.3%	95.8%

Forward Guidance

FY 2026

- Adj Op Margin: (2%)-(5%)   CASM-ex: 2%4%
- ASM's: 1.5%-3.5%   CAPEX: $850M
- RASM: 10%-12.5%   Fuel: $3.49/gal

3Q26

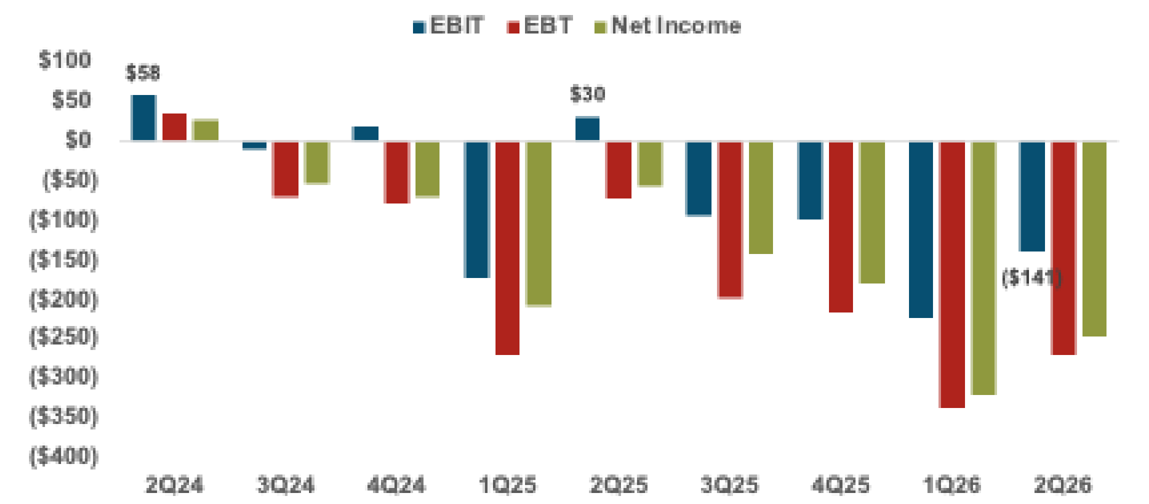
- ASM's: 3%-6%   RASM: 12.5%-16.5%
- CASM-ex: 2.5%-4.5%   Fuel: $3.49/gal
- CAPEX: `$300M

EFA takeaway: JetBlue produced better results than expected (although still a loss) and promised profitability by 2028. Can the JetForward plan work before creditors come calling?

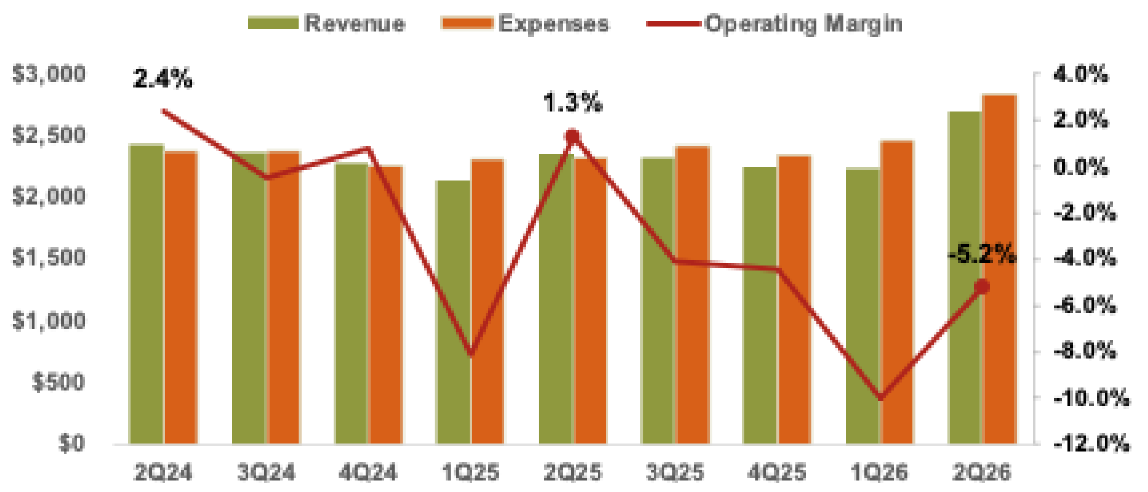
JetBlue - Financial Performance

jetBlue

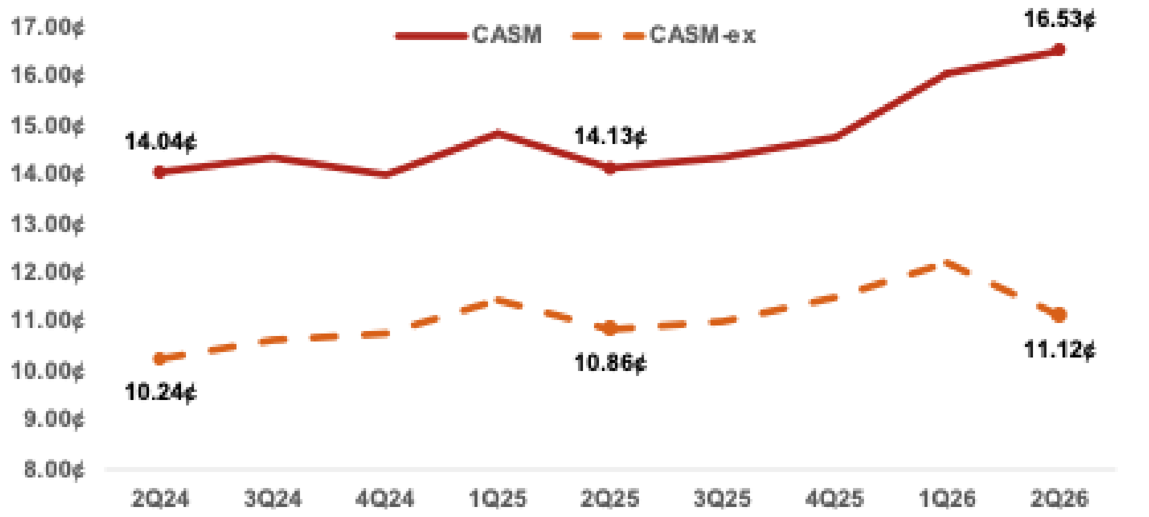
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



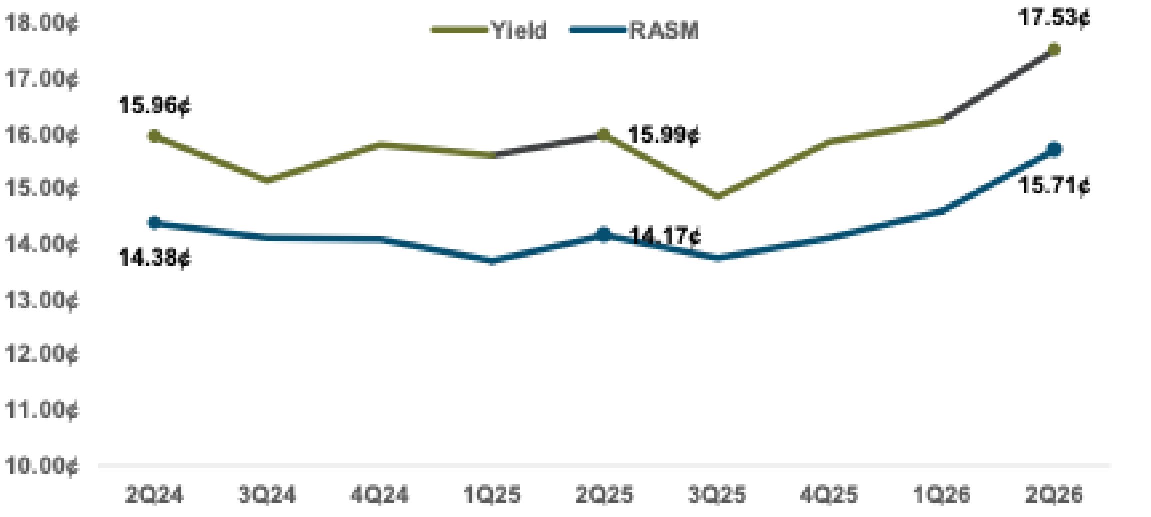
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM & CASM-ex



Yields & TRASM



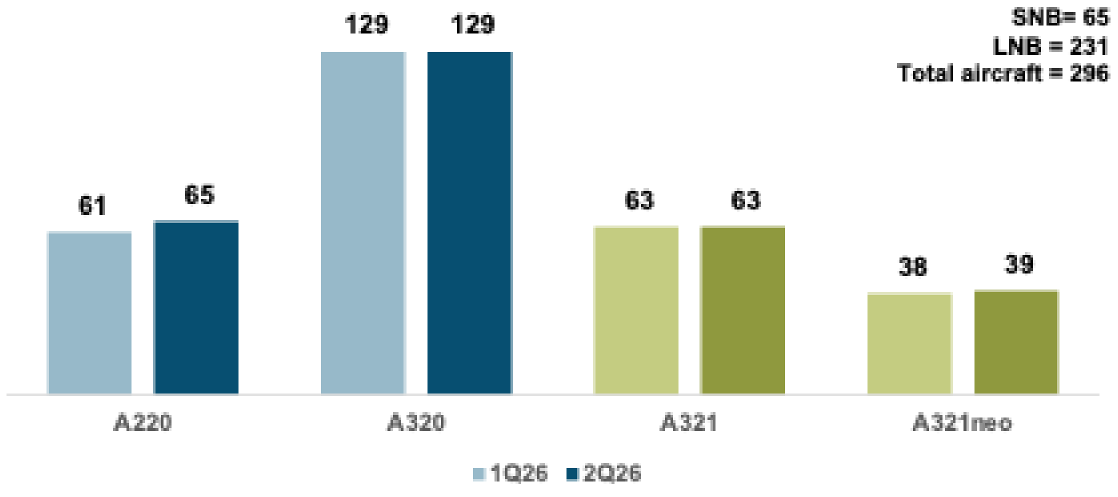
SWAPA

JetBlue - Network, Fleet and Analyst Commentary

Network News and Notes

- Will take delivery of 12 aircraft this year, primarily A220's. Four A321's grounded due to PW GTF engine issues.
- **Awarded 12 slots in LGA received from the Spirit bankruptcy proceedings.** Unlike earlier service associated with American Airlines NEA partnership, these slots will be used to serve only Florida cities.
- **Continue to build FLL as the airline's first true hub, with two northbound and two southbound bank schedules. Planning over 150 departures per day in the winter 2026 schedule.** Initiating service to 12 new cities and will add Mint service to three new cities. FLL RASM up 11% on 40% capacity growth.
- Announced BlueFirst, new domestic First-Class product with 2x2 seating. Planning to launch sales in fall 2026. Retrofit of aircraft to be finished by YE 2027.
- Closing Daytona Beach and Antigua in September. Exiting JFK-BNA/ORD/VRB to relocate aircraft for FLL service.

Mainline Fleet

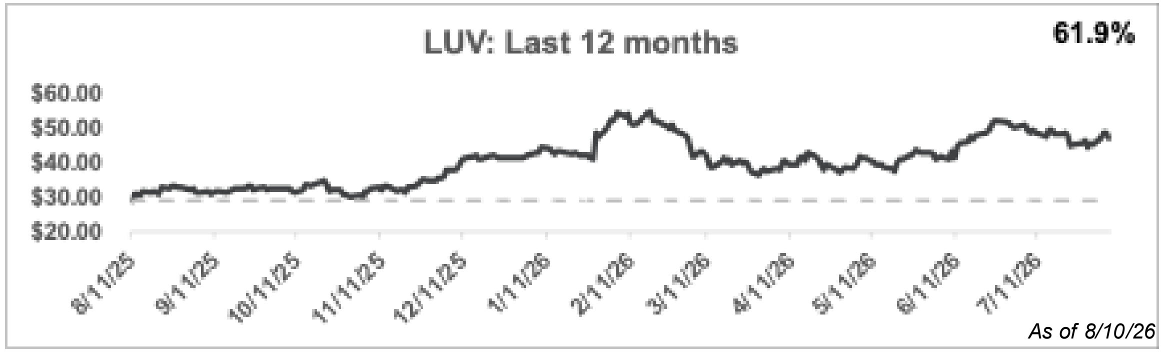


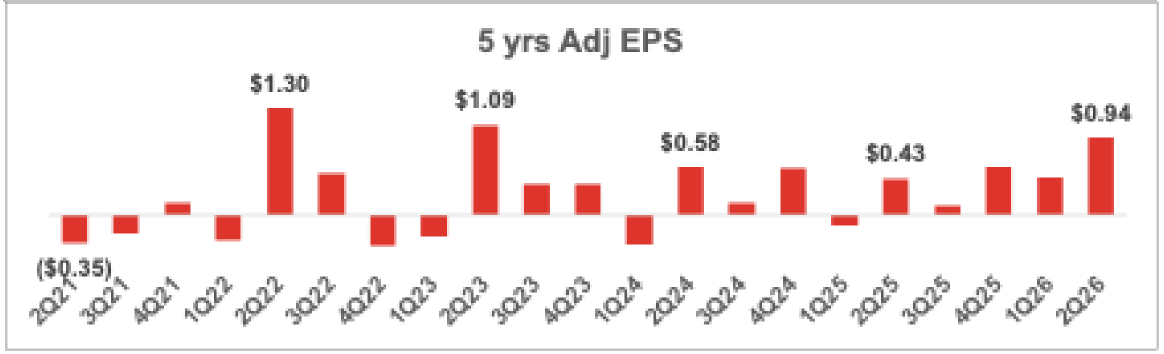
Analyst Commentary

- *JetBlue reported 2Q26 results modestly ahead of expectations as EPS came in at -$0.66 vs. the Street's -$0.68. JetBlue shares are up 11% as of writing after the company established a 2028 EPS target of at least $1 vs. consensus of $0.03. Underpinning the 2028 view is a continued build in initiatives totaling $1.2 bn, which management does not believe is fully appreciated by the market.*
- ***While we do not anticipate any liquidity concerns at JetBlue in 2026 (assuming no further macro shocks), we believe the more prudent course of action (unattractive for current equity holders) would be to address the capital structure via a Chapter 11 restructuring,*** *particularly given the compelling actions taken by management over the last few years, including the recent build out of Ft. Lauderdale (FLL) as a first true hub.*
- *JetBlue struck a comparatively bullish tone during its earnings call, guiding to 2H non-fuel fundamentals broadly in line with our prevailing model, as well as addressing concerns ahead of next week's planned event with creditors.*
- ***The likelihood of JBLU "survival" has increased materially*** *given both the Spirit liquidation and the hopeful eventual end to the hostilities / gradual jet fuel relief. While we can't ignore the market concern, we still believe market sentiment is set to improve in 2H26 on the JBLU complex.*
- *Our issue is the lack of near-term profitability to give us confidence the company can move from a loss of more than $2 this year to a profit of $1 in 2028 on product initiatives and continued demand strength.*
- ***JetBlue has been fighting to return to consistent profitability for several years now.*** *The company has repeatedly established profit improvement plans, only to see them derailed by an unforeseen event...the 2025 trade and tariff demand shock, and now the Iran conflict that spiked fuel, to name the most recent headwinds.*
- *We remain Hold-rated on JBLU's shares as the company navigates through a volatile, high fuel environment which now challenges the company's return to profitability. Further indications of financial improvement and/or positive competitive developments could be potential catalysts for us to rethink our rating on JBLU's shares.*

Southwest Airlines

Southwest®





SWAPA®

Southwest

2Q26 adj. pretax income : $606M

Management Commentary:

- *Our business now benefits from a broader and more diversified set of revenue and commercial levers than at any point in our history. The results demonstrate that the transformation is working, with a 9% after-tax return on invested capital and adjusted operating margin of 6.7% or a 3.3-point improvement year-over-year despite nearly $900 million year-over-year increase in second quarter fuel expense.*
- *Importantly, the revenue strength we are seeing is not solely a fuel recovery story.* ***It also reflects the idiosyncratic benefits of our own initiatives, which are improving revenue quality, strengthening customer acquisition and engagement, broadening the earnings power of the business and creating earnings durability regardless of the macro environment.***
- *The network remains one of Southwest's greatest competitive advantages, and we will continue using it more efficiently to maximize returns and support long-term profitable growth.*
- *We're impressed with the adoption of our new products by our corporate customers, not only are we seeing substantial fair growth on a year-over-year basis, but nominal load factor points and our total mix of O&Ds is all up.*
- *Our fuel procurement team effectively managed through dynamic market conditions and took actions such as moving lower-priced Gulf Coast products to the West Coast to mitigate higher fuel costs in that part of our network.*

Items of Interest

- Operating revenue reached a company-record $8.4 billion (+16.4%), with adjusted EPS of $0.94, easily beating estimates. **This was driven by strong passenger demand and higher unit revenues. Expect bag fees to generate $1B in revenue in 2026.**
- **Unit revenue (RASM) increased 16.2% (20.1% adjusted), exceeding guidance**, while managed business revenue grew 30% year over year. Loyalty program enrollments grew 35% YoY with co-brand card acquisitions up 28%. Intro of new products highlighted.
- Despite an $889 million increase in fuel expense, non-fuel unit costs were up just over 3%, which was below guidance. Third quarter costs up slightly due to removal of seats on -700's to enable ELR seating.
- Capital spend will be at or below $3B. Ended the quarter with $5.3B in liquidity. Adjust debt of $6.8B. FCF fell to a negative $288B vs. $788M in 1Q. $15.7B in unencumbered assets, down from $16.5B in first quarter. Leverage ration of 2.1, within stated range.

Southwest

Financial and Operating Statistics

Southwest	2Q26	2Q25	2Q19	y/y	y/7y
Revenues	$8,432M	$7,244M	$5,909M	16.4%	42.7%
Adj Operating Income (EBIT)	$585M	$245M	$968M	138.8%	(39.6%)
Adj Operating Margin	6.9%	3.4%	16.4%		
Adj Pretax Income	$606M	$300M	$968M	102.0%	(37.4%)
Adj Net Income	$465M	$230M	$741M	102.2%	(37.2%)
Adj EPS	$0.94	$0.43	$1.37	118.6%	(31.4%)
Capacity (ASMs)	47.1 billion	47.0 billion	40.0 billion	0.2%	17.8%
Yield	20.74¢	17.97¢	15.89¢	15.4%	30.5%
TRASM	17.91¢	15.41¢	14.78¢	16.2%	21.2%
CASM	17.30¢	14.94¢	12.36¢	15.8%	40.0%
CASM-ex	12.45¢	12.04¢	9.09¢	3.4%	37.0%
Fuel (econ)	$3.92	$2.32	$2.13	69.0%	84.0%

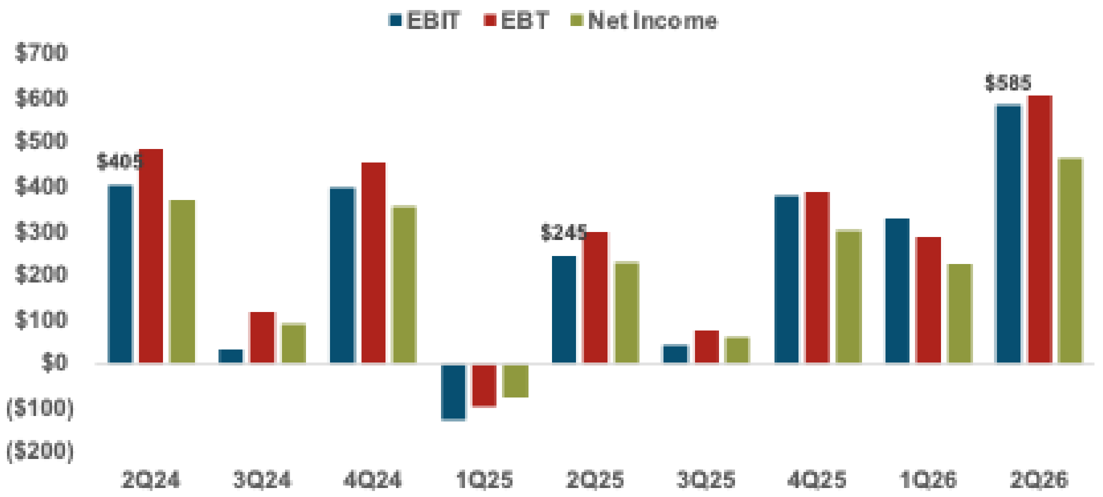
Forward Guidance

- **FY 2026**
  - EPS: $3.25-$4.25
  - Capacity: No guidance for 4Q yet, but FY capacity growth indicates 1.5%.
- **3Q26**
  - RASM: 17.5%-19.5%
  - Capacity: -1%-flat
  - Adjusted EPS: $0.50-$0.75
  - CASM-ex: 3.5%-4.0%

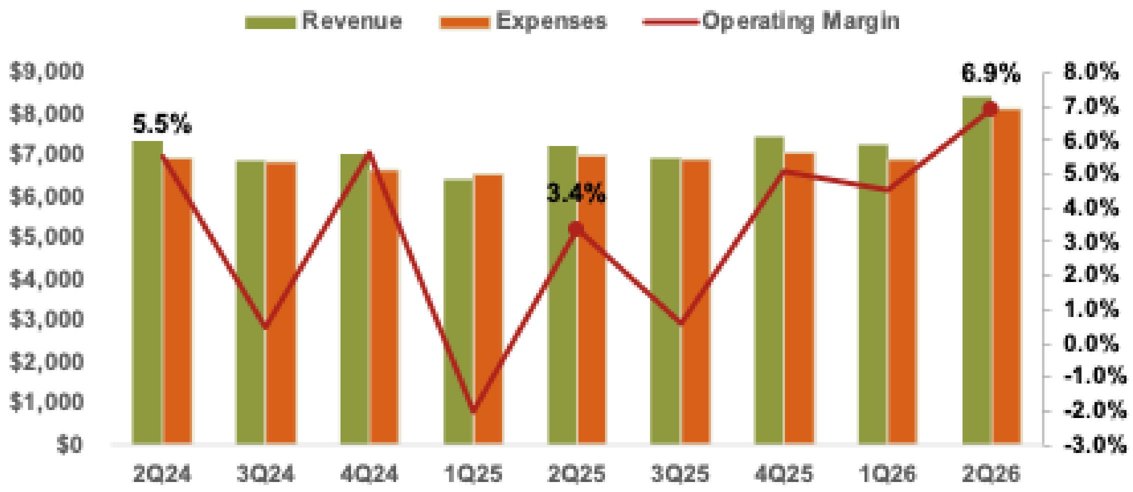
EFA takeaway: Southwest has turned the new initiatives into generating meaningful improvements in financial results, although lately, operational metrics have taken a downturn. Volatility in fuel costs could have a large impact on 3Q/4Q results.

Southwest - Financial Performance

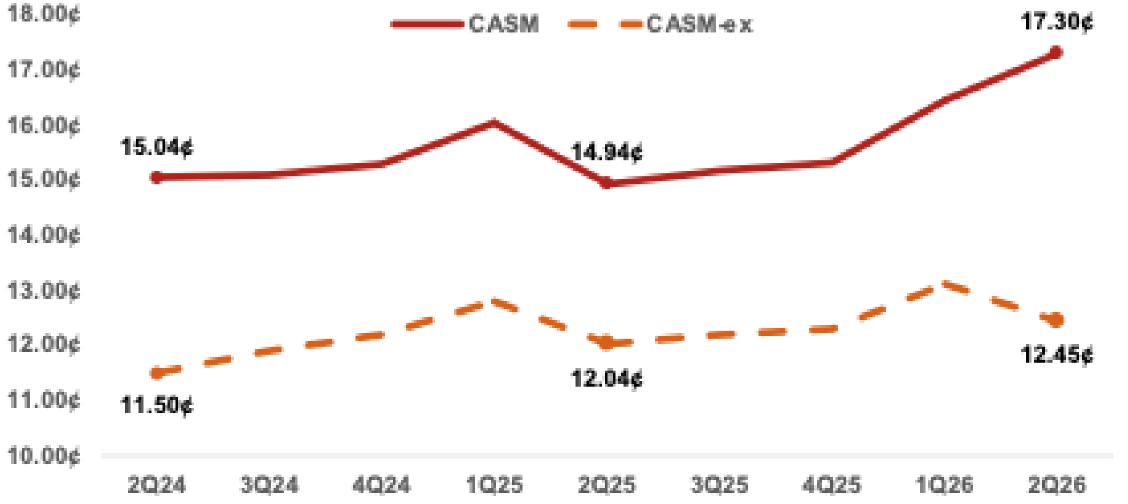
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



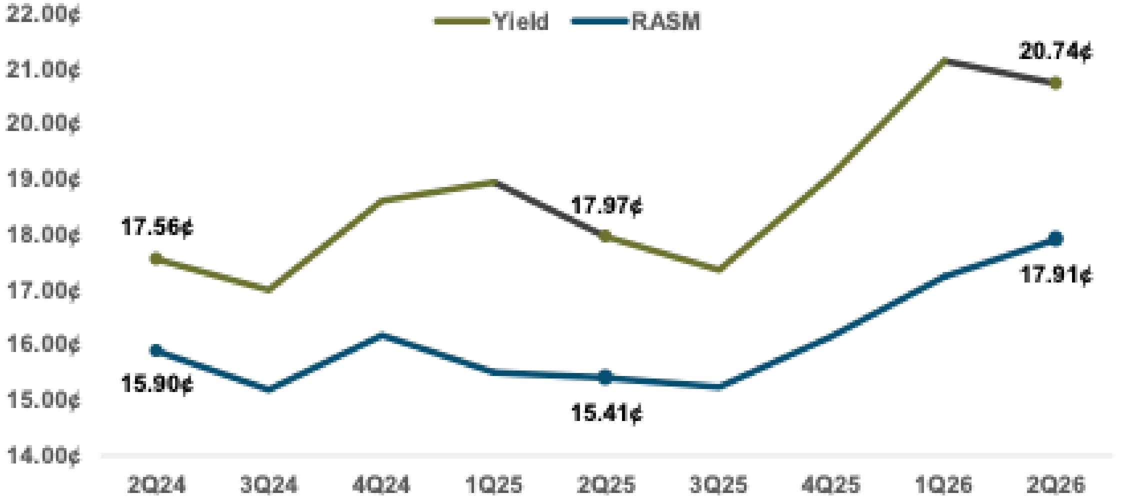
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM & CASM-ex



Yields & TRASM

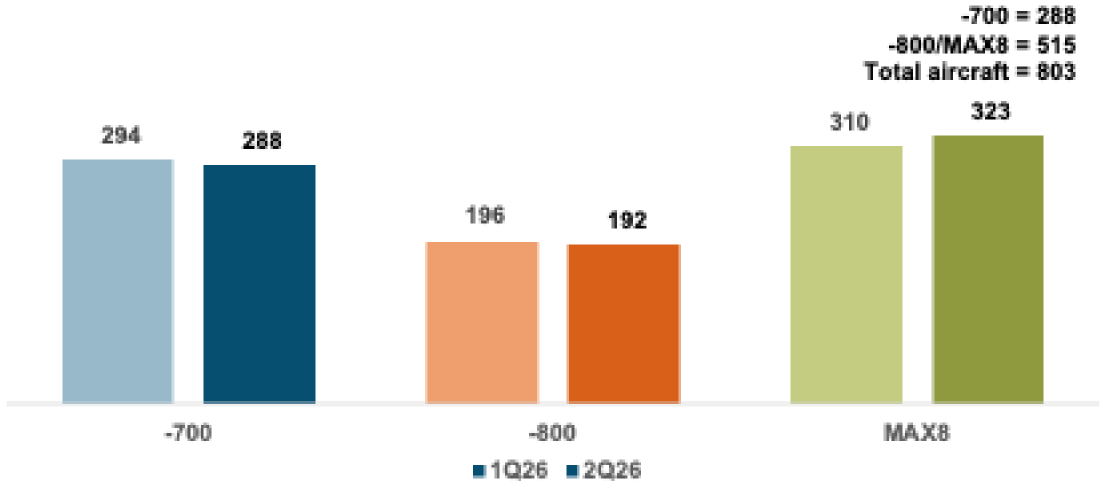


Southwest - Network, Fleet and Analyst Commentary

Network News and Notes

- Took delivery of 13 Boeing 737-8s and retired 10 aircraft (five of which were sold), ending the quarter with 803 aircraft.
- **Will take delivery of 64 MAX-8's while retiring 60 aircraft for the full year.**
- Launched service to ANC, STS and SXM. Increased capacity from AUS, MCO and SAN.
- Air Premia (South Korean LCC) became the ninth interline partner, with potential to add several more this year.
- Starlink has been rolled out on the first airplane, with a total fleet installation of approximately 300 aircraft.
- March 2027 schedule shows increased service from MCO (largest # daily departures ever), increased international service from BNA. **Removing point to point interisland Hawaii service (OGG-KOA, OGG-LIH) and dropping LAS-SJO that was slated to begin in November.**

Mainline Fleet



Analyst Commentary

- *Southwest has been a bit of a choose your own adventure stock…look at the same results and pick being positive or negative. Rarely over the transformation phase have investors been in unison, this quarter is no different.* ***On the constructive side of the debate, you have Southwest now with a full slate of initiatives at its disposal, generating industry leading unit revenue growth. On the flip side, controllable margin (unit revenue growth over non-fuel unit costs growth) is forecast to compress from 2Q to 3Q (2Q results of 16.7 pts to 14.75 pts in 3Q) as unit revenue decelerates due to timing of initiatives and comps, while others are seeing acceleration driven by base fare increases.***
- *Further building on the success is important as investors remain concerned around the industry giving back fuel-driven fare increases as the industry looks to push growth starting in 4Q26. Southwest's initiative set should reduce industry fare volatility, potentially protecting earnings better than most.*
- *Southwest possesses the industry's deepest track record of profitability, an investment-grade balance sheet, and a loyal customer base. However, recent operational hiccups and procrastination to adapt have pressured the share price and investors' patience. However, we believe the 'core' is starting to stabilize.*
- *Southwest reinstated FY26 EPS guidance at $3.25 to $4.25 which, at its midpoint, is below the "at least $4" we entered the year with. While management repeatedly noted that its revised guide still achieves its January commentary, we don't quite see it that way, nor do several investors we've been speaking with. Rightly or wrongly, that January guide came to be interpreted as "$5 to $6" for many (including us).*
- *While escalation in Middle East hostilities drive a steady rise in fuel price and, in turn, a steady decline in airline shares, what is clear is that* ***Southwest is reclaiming its place among U.S. airline profit leaders****. Specifically, in 2Q, Southwest boasted the second-highest profit margin among the Big 5 even without owning a refinery or labor cost advantage.*
- **Despite the near-term noise (be it fuel, breakage accounting, or y/y comps), we expect Southwest to be a long-term winner of a much more rational industry with the balance sheet and asset base to withstand near term shocks**.

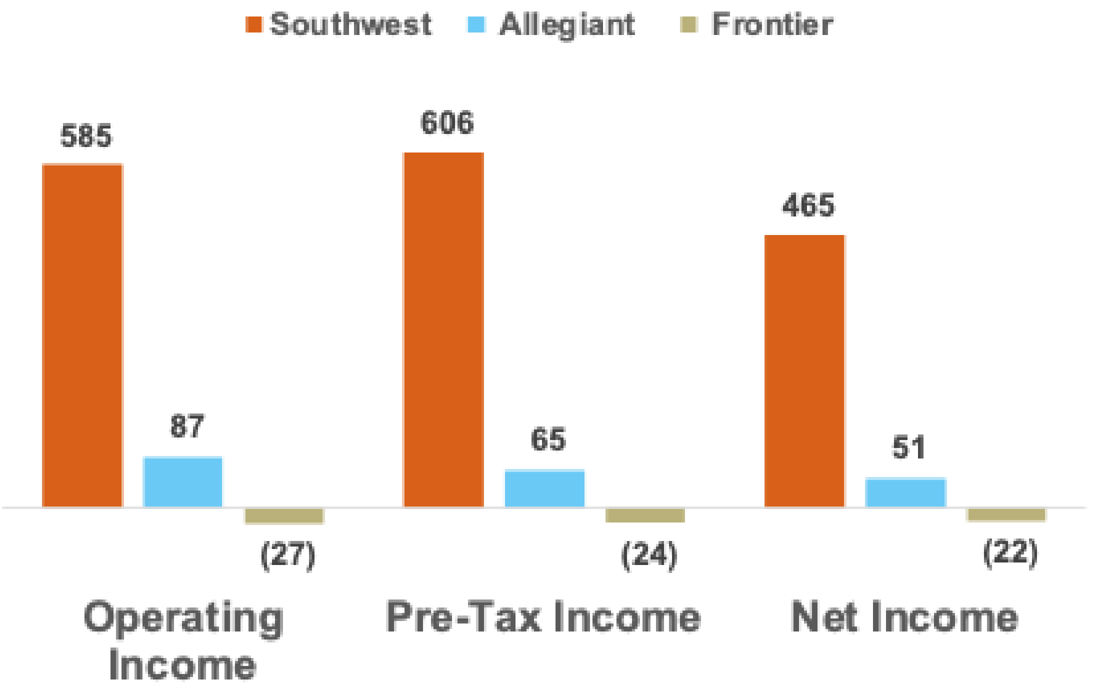
Ultra Low-Cost Carriers (ULCCs)

Sources: Airline financial press releases, SEC filings, and SWAPA analysis

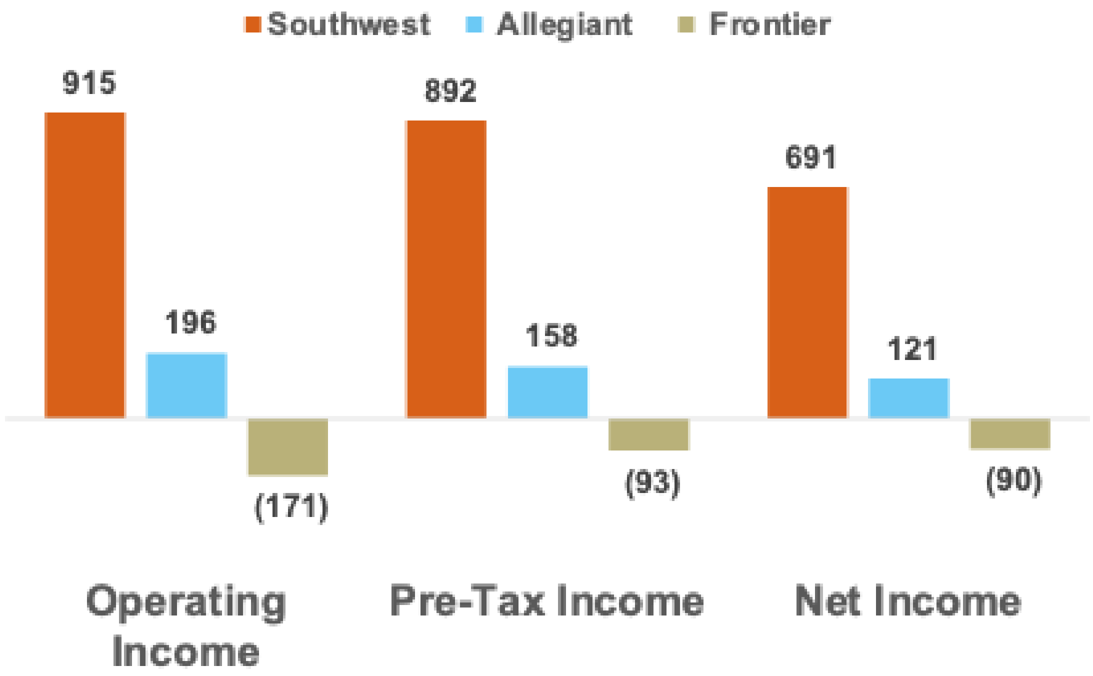
Key Financial Results

ULCCs vs. Southwest

2nd Quarter 2026



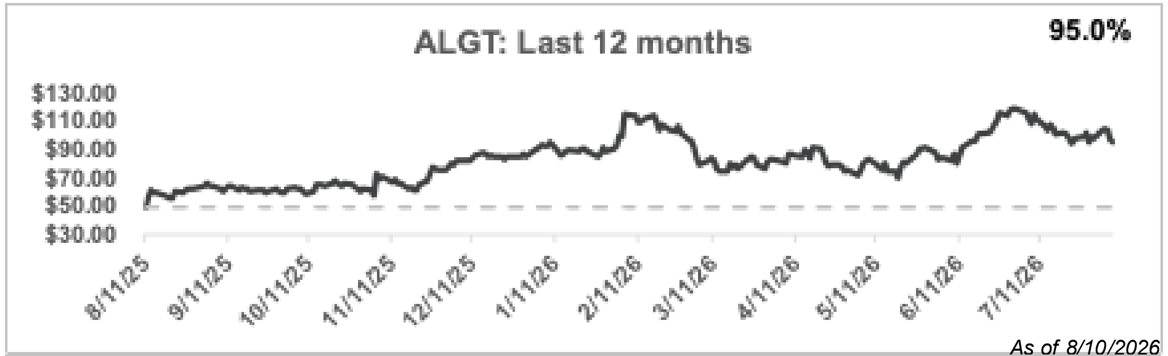
6 months 2026

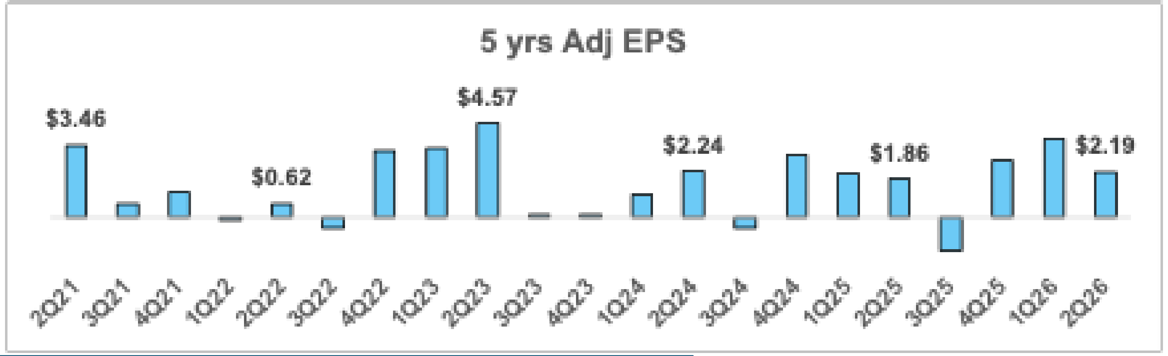


Non-GAAP – excludes special items

Allegiant Travel Co.

Includes Sun Country operating and financial data as of May 13, 2026





Allegiant

2Q26 adj. pretax income: $65M (Allegiant + Sun Country)

Management Commentary:

- *We delivered strong operational results, including industry-leading controllable completion and mishandled bag performance, while in-flight NPS remains very healthy. These achievements are even more impressive given we delivered them while closing the Sun Country acquisition and beginning integration.*
- ***Together with Sun Country, our well-timed MAX order gives us valuable aircraft access and expands our attractive route opportunities.** Fourth, our deep community relationships create powerful local brand equity in markets we serve. Together, Allegiant and Sun Country are the #1 or #2 carriers in roughly 95% of our originating markets.*
- ***Sun Country has experienced elevated pilot attrition, concentrated among its junior MSP pilots and largely driven by increased hiring at the largest carrier in the Twin Cities.** In response to this attrition and elevated fuel prices, **we are reducing off-peak capacity in the Twin Cities during the back half of the year.***
- *As we look to start optimizing our combined networks into 2027, there is tremendous potential. **While Allegiant strength is connecting underserved, small and midsized communities to leisure destinations, Sun Country brings a powerful position in Minneapolis, St. Paul.** Together, these brands create a network that is broader, more flexible and more resilient.*

Items of Interest:

- **Despite a 6.8 percent capacity reduction and higher fuel, standalone Allegiant increased unit revenue 24.6 percent year over year and expanded adjusted operating margin as well.** Sched. service rev up $102M vs. fuel up $99M.
- Allegiant standalone third-party products revenue of $44.5M, up 32.2 percent year over year driven by cobrand strength. Co-brand renumeration up 24%.
- Stand-alone Sun Country fixed fee revenue of $65M and cargo $50M, both records.
- CASM-ex up nearly 7% on lower capacity. Fuel costs up 73% per gallon.
- Have begun optimizing schedules with Sun Country, combining airport real estate and suppliers, with an SOC goal of early 2028.
- **First Class product introduced Spring 2027, new Recaro seat and seat power.**
- Liquidity of $1.3B. Total debt of $2.8B, which includes debt from Sun Country. Issued new debt to retire higher rate debt. Capex $183M, includes higher maintenance costs of nearly $16M and aircraft-related spend.

allegiant

Financial and Operating Statistics

Allegiant	2Q26	2Q25	2Q19	y/y	y/7y
Airline Revenues	$856M	$669M	$487M	28.1%	75.9%
Adj Operating Income (EBIT)	$87M	$58M	$116M	50.7%	(24.6%)
Adj Operating Margin	9.2%	8.6%	23.7%		
Adj Pretax Income	$65M	$44M	$99M	45.6%	(35.0%)
Adj Net Income	$51M	$34M	$78M	49.0%	(34.8%)
Adj EPS	$2.19	$1.86	$4.81	17.7%	(54.5%)
Capacity (ASMs)	6.1 billion	5.6 billion	4.3 billion	8.3%	41.4%
Yield	16.39¢	14.51¢	12.62¢	13.0%	29.8%
TRASM	13.37¢	11.53¢	10.97¢	15.9%	21.9%
CASM	13.89¢	10.79¢	8.35¢	28.7%	66.3%
CASM-ex	8.19¢	7.68¢	5.65¢	6.6%	45.0%
Fuel (econ)	$4.14	$2.42	$2.22	71.1%	86.5%

Includes Sun Country operating and financial data as of May 13, 2026

Forward Guidance

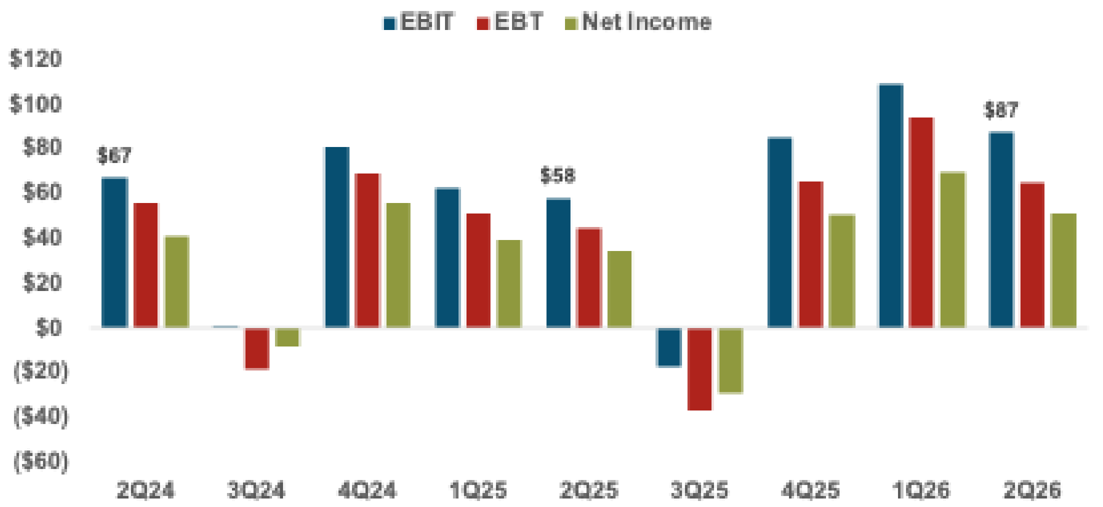
- **FY 2026**
  - Aircraft CAPEX: $640M-$660M
  - Adjusted EPS: >$6.00
  - Fuel: $3.70
- **3Q26**
  - System ASM's: (~6.5%)
  - Fuel: $3.80
  - EPS: ($1.00-$0.00)
  - Interest Expense: ~$50M
  - Adj operating margin: 1.0%-3.0%

EFA takeaway: Allegiant appears to be making good progress on the Sun Country acquisition. In addition, adding First Class and other premium products should result in continued revenue and earnings momentum, assuming demand holds up.

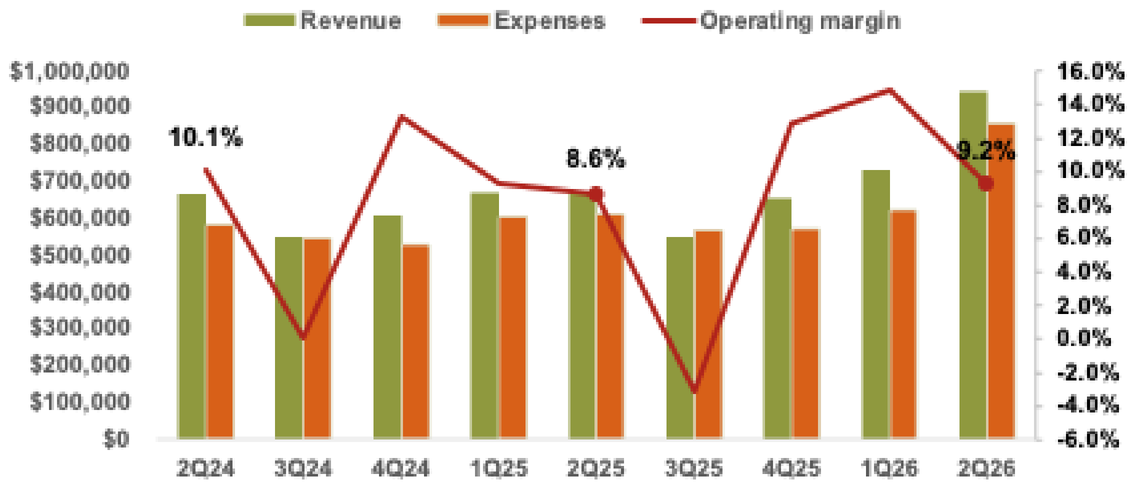
SWAPA®

Allegiant - Financial Performance

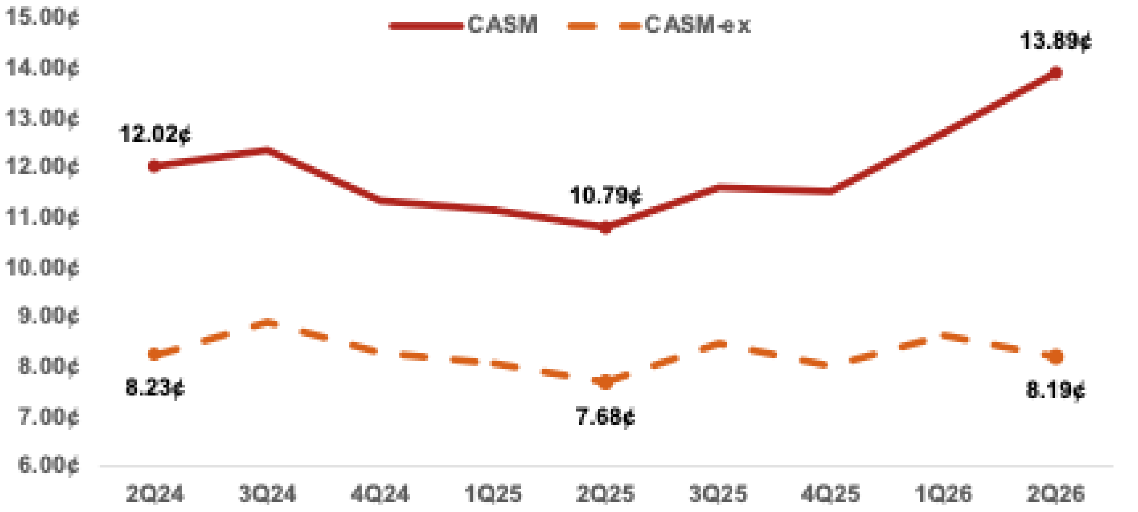
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



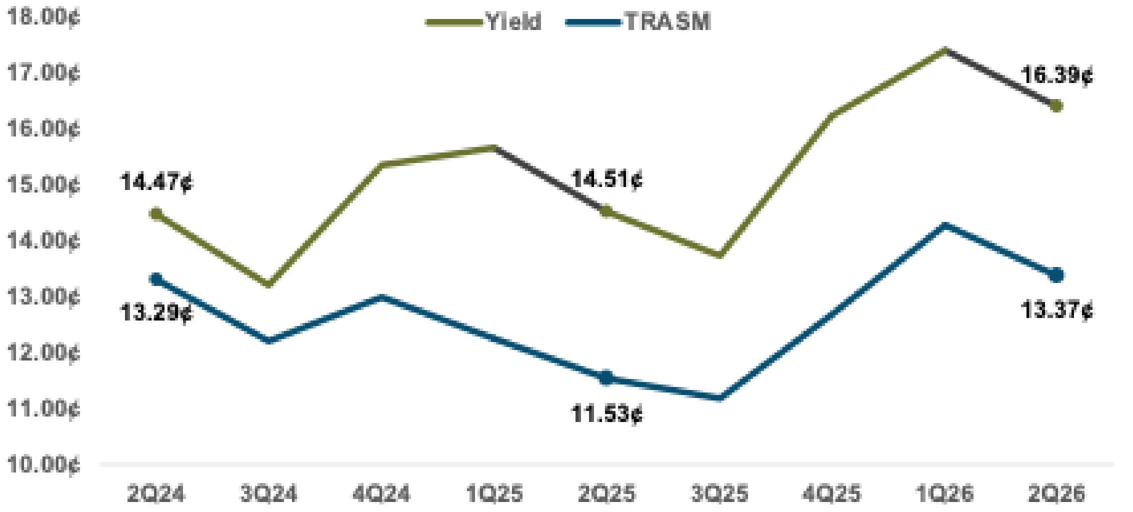
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM & CASM-ex



Yields & TRASM

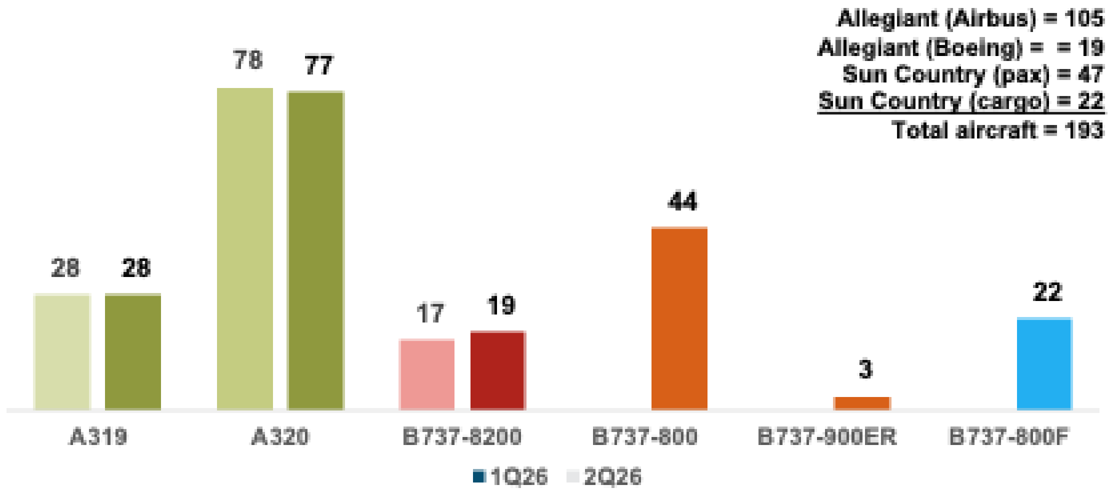


Allegiant - Network, Fleet and Analyst Commentary

Network News and Notes

- Ended the quarter with 193 combined aircraft. Took delivery of one MAX-8 in 2Q and expecting six additional MAX deliveries in 2026. This will be offset by seven aircraft retirements, ending 2026 with 192 aircraft.
- **Planning 20 new MAX-8 aircraft deliveries in 2027,** will feature the new Allegiant First product. Seat count only decreases by 2 seats (190 to188).Remainder of 50 aircraft order delivered in 2028. Have not yet decided whether in-service fleet will get first class retrofit.
- **Launched 39 routes first half of 2026 but overall capacity down nearly 7%.** Sun Country reducing off-peak capacity during the second half due to unexpected pilot attrition to Delta in MSP.
- Adding Expedia as an OTA, which is expected to lead to additional network growth.

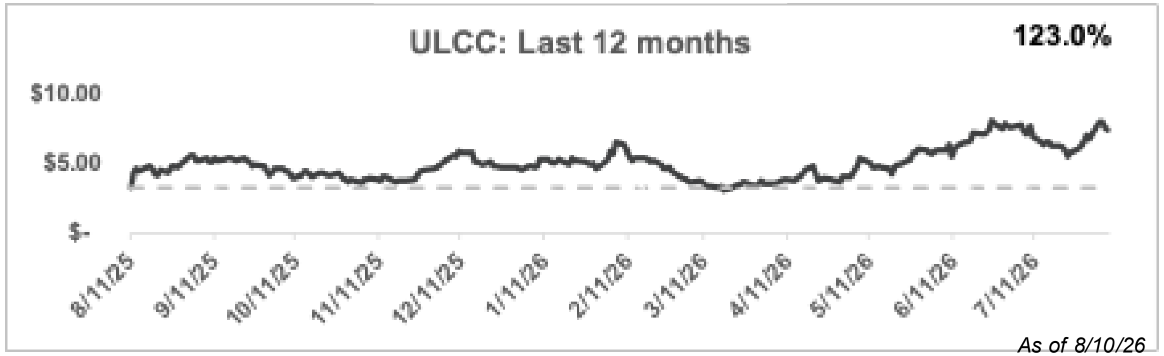
Mainline Fleet

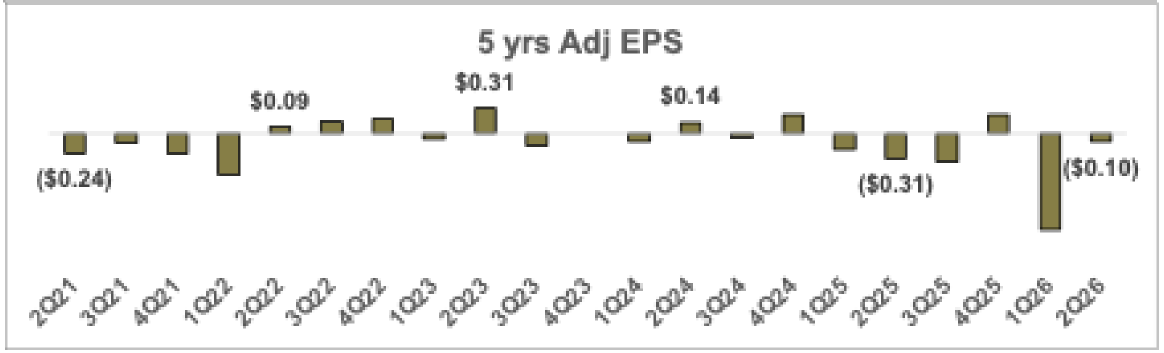


Analyst Commentary

- *Allegiant's 2Q26 results beat our expectations on top-line strength, driven by robust leisure demand. Notably, with ~80% of 3Q booked, Allegiant expects ~16.5% pro forma/ex-Sunseeker 3Q26 y/y revenue growth on (6.5)% capacity, which is 2% ahead of expectations despite ~3 ppts lower y/y capacity.*
- *Elevated Sun Country (SY) pilot attrition and additional cargo flying is pressuring 2H26 capacity, however full training classes should support a return to growth at MSP in 2027.*
- ***We remain encouraged by Allegiant's continued execution on idiosyncratic margin recovery levers,** which are helping offset macro headwinds in the near term and should lead to meaningful margin expansion longer term.*
- *The recent Sun Country acquisition not only provides synergy upside potential, but also helps strengthen the balance sheet and cash flow profile.*
- ***There are early signs of momentum for Allegiant with a larger network post the acquisition of Sun Country.** Allegiant is echoing much of what we've heard so far, demand is strong and broad-based, allowing the company to push on price.*
- *Allegiant continues to have an opportunity to take control of a US domestic leisure market that has struggled post-COVID. The acquisition of Sun Country won't be looked back on as transformational, but rather as a rational purchase where one plus one has the opportunity to equal three.*
- ***Overall, both airlines are performing very well operationally and financially**. The Allegiant and Sun Country networks are complementary with similar technology systems, workforce cultures, aircraft ownership strategy, and more. Allegiant is progressing well on integrating Sun Country. The combined company is on track to expand margins year-over-year despite higher fuel in a backdrop of strong demand, disciplined capacity deployment (management called out, and rigorous cost containment.*
- *The consolidated entity posted industry leading margins , and we see multiple green shoots into 2027—most visibly being the announced Allegiant First and synergy realization.*

Frontier Airlines





Frontier

2Q26 adj. pretax income (loss): ($24M)

Management Commentary

- *Our second quarter performance was well ahead of our earlier expectations and marks a meaningful step forward in Frontier's transformation. The progress we've delivered this quarter validates the actions we have taken to strengthen the airline and position the business for sustained profitability.*
- *The team has been executing with discipline and momentum against the 4 priorities we set out in February: right-sizing our fleet, strengthening cost discipline, improving operational reliability, and deepening customer loyalty.*
- ***Loyalty continues to be one of our fastest-growing, highest-margin revenue streams and the second quarter reinforced the strength of that platform**. Customer loyalty is increasingly tied to what we deliver on board as well. **With our upcoming first-class product and the Starlink rollout Jimmy mentioned, we will be delivering a meaningfully better in-flight experience.***
- *Cost, good revenue management, putting the right fleet size in place, establishing the network to support the fleet that we have, and driving a better balance sheet and liquidity into the airline. Like we're very disciplined about those items and getting the airline on the right path from that perspective. We've got to adapt to the field that we play on. It's changed post-COVID.*

Items of Interest

- Delivered all-time record total revenue of approximately $1.3 billion, up 38 percent versus the corresponding 2025 quarter, reflecting strong demand and continued execution of the newer commercial strategy.
- **Exceeded RASM guidance, with RASM increasing 28 percent versus the corresponding 2025 quarter to 11.52 cents on 8 percent higher capacity.**
- Revenue from Loyalty program increased 30% YoY, supported by record co-brand card acquisitions. Strengthened a key ancillary revenue platform by extending and enhancing the co-branded credit card partnership with Barclays through 2037.
- Adjusted operating expenses - excluding fuel and the Early Return Agreement - were $870 million, or 7.42 cents per ASM, stage-adjusted to 1,000 miles. **Higher aircraft utilization was cited as helping to lower costs by 10%.**
- $436M of extra fuel expense ($4.17/gal), $180M higher than earlier estimates.
- Liquidity $1.16B, 27% of TTM revenue. $94M gains on SLB transactions.

FRONTIER AIRLINES

Financial and Operating Statistics

Frontier	2Q26	2Q25	2Q19	y/y	y/7y
Revenues	$1,279M	$929M	$637M	37.7%	100.8%
Adj Operating Income (EBIT)	($27M)	($75M)	$99M	n.m.	n.m.
Adj Operating Margin	(2.1%)	(8.1%)	15.5%		
Adj Pretax Income	($24M)	($70M)	$103M	n.m.	n.m.
Adj Net Income	($22M)	($70M)	$79M	n.m.	n.m.
Adj EPS	($0.10)	($0.31)	$0.40	n.m.	
Capacity (ASMs)	11.1 billion	10.3 billion	6.9 billion	7.7%	61.5%
Yield	13.85¢	10.98¢	10.28¢	26.2%	34.7%
TRASM	11.52¢	9.01¢	9.27¢	27.9%	24.3%
CASM	12.39¢	9.73¢	7.80¢	27.3%	58.8%
CASM-ex	7.84¢	7.50¢	5.47¢	4.5%	43.3%
Fuel (econ)	$4.17	$2.36	$2.29	76.7%	82.1%

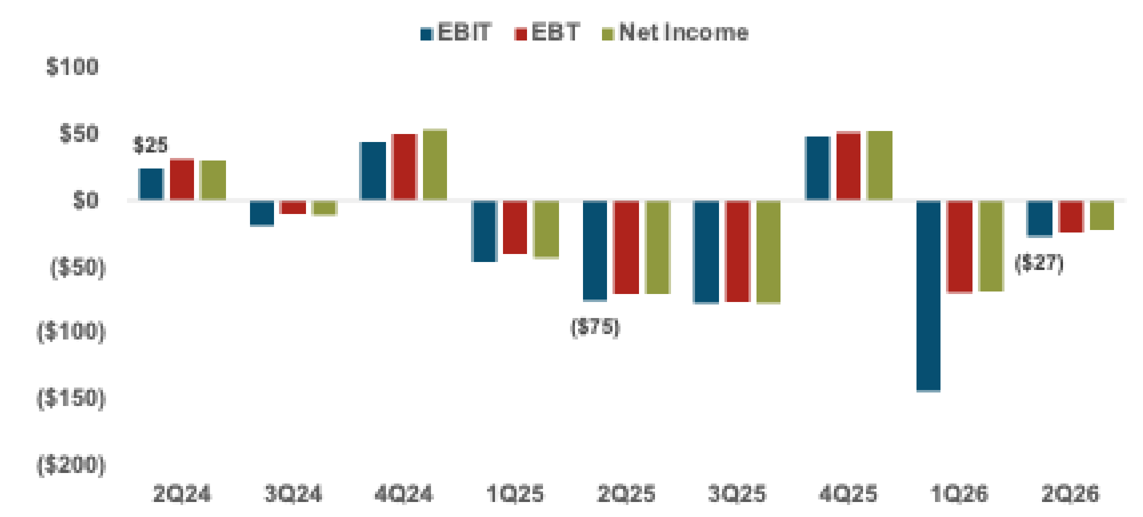
Forward Guidance

- **FY 2026**
  - Adjusted EPS: Breakeven to $0.20
  - ASM's: ~7%
  - Capex: $170M-$220M
- **3Q26**
  - EPS: ($0.10) - $0.10
  - Capacity: 17%-18%

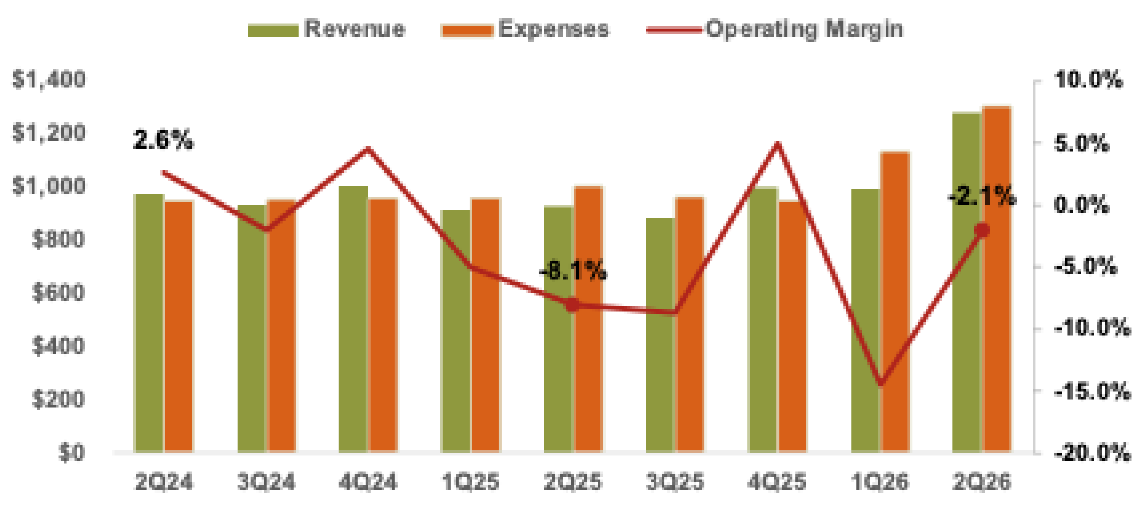
EFA takeaway: Frontier's new leadership is confident about the new business strategy. Will it be enough to compete while regaining prior profitability levels?

Frontier - Financial Performance

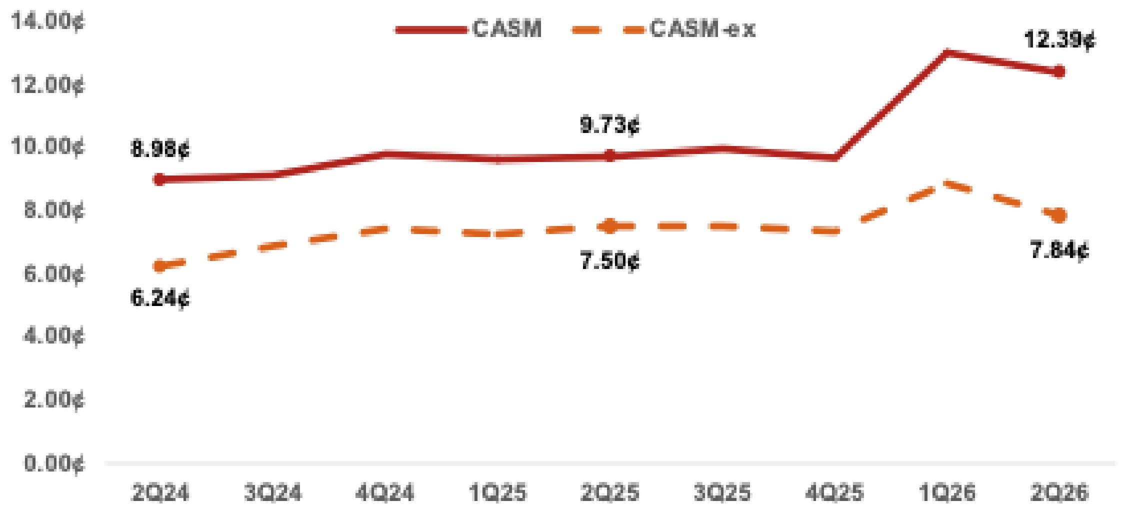
Non-GAAP Operating, Pre-Tax, and Net Income ($ mil)



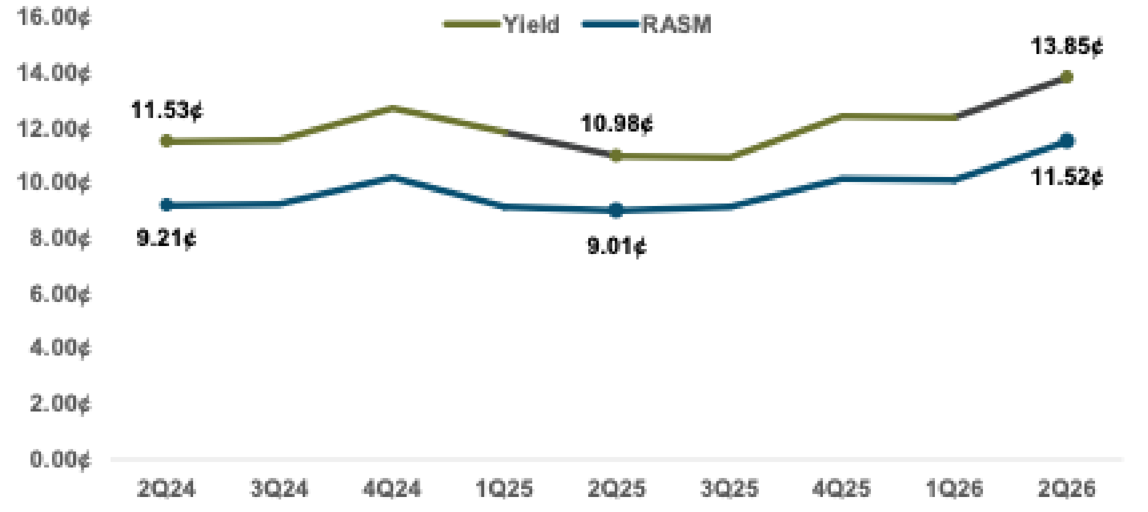
Quarterly Revenue, Expenses, Adj. Operating Margin



CASM & CASM-ex



Yields & TRASM

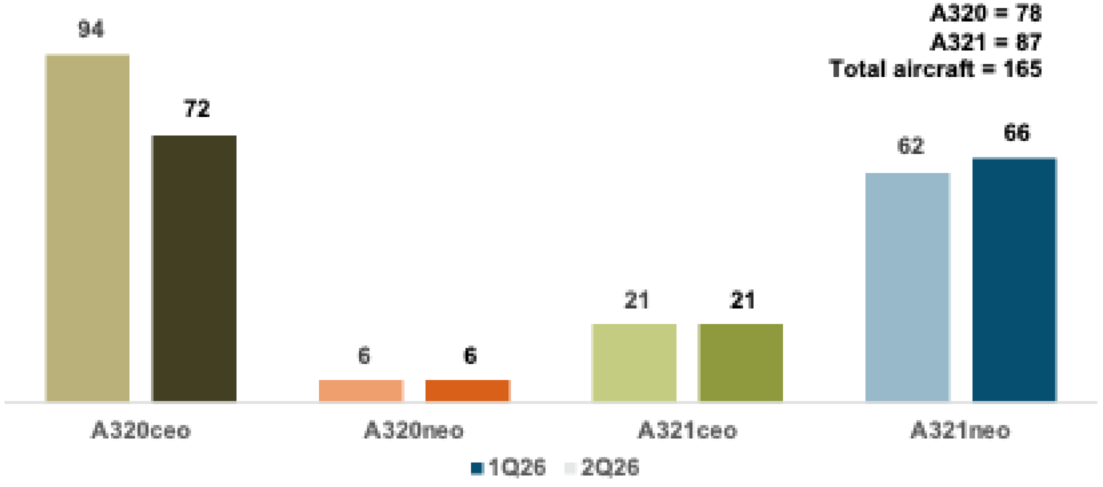


Frontier - Network, Fleet and Analyst Commentary

Network News and Notes

- As of June 30, 2026, Frontier had a fleet of 165 Airbus single-aisle aircraft, as scheduled below, all financed through operating leases that expire between 2027 and 2038.
- Frontier took delivery of two A320neo aircraft and four A321neo aircraft during the second quarter**. Returned 24 A320neo aircraft pursuant to the Early Return Agreement. The** delivery of one A321neo aircraft, originally scheduled for the second quarter of 2026, was postponed by Airbus to the third quarter.
- The Company expects to take delivery of six A320 family aircraft in the third quarter 2026, including five A321neo aircraft and one A320neo aircraft.
- **Expanded the network across key leisure and business markets**, including Dallas-Fort Worth, Newark, Santa Ana, Fort Lauderdale, Washington Dulles, Nashville, Las Vegas, Boise and Oakland.

Mainline Fleet



Analyst Commentary

- *Frontier Airlines delivered a significantly improved second quarter earnings outcome and provided a strong revenue and relative margin outlook for the second half of 2026.*
- *Recent volatility in fuel prices could keep near-term EPS below break-even for Frontier, however following a nearly 28% improvement in second quarter unit revenues, management guidance appears to imply third quarter gains could near 23-24% which is quite impressive considering the carrier's plans for high-teens capacity expansion.*
- ***We suspect Frontier is benefiting from more rational industry capacity, especially following the liquidation of Spirit, but also the carrier's own revamped revenue management strategies**, which were first implemented late last year. Revenue momentum exiting 2026, lower expected capacity growth from Frontier next year and commercial initiatives such as launching a first-class product should propel the company into solidly profitable territory, with our EPS estimate moving materially higher.*
- ***Frontier appears to have adopted a more disciplined revenue management approach, complementing premium product investments that should create a more durable revenue base over time**. Operational execution continues to improve, although likely to take until YE27 to fully implement.*
- *We are impressed with Frontier's newfound pricing power in the face of higher fuel and Spirit's exit, as well as its continued cost diligence. **But we remain concerned with Frontier's continued reliance on sale-leasebacks, as well as pilot economics that we do not believe to be sustainable. I**t's also not clear whether Frontier can profitably and permanently muscle its way into a competitive landscape increasingly oligopolized by brand-loyal airlines.*
- *Over the past several quarters, Frontier has positioned its network and commercial strategy to capitalize on a more favorable competitive backdrop following Spirit's exit from overlapping markets. The June Q results showed that inflection more clearly than expectations. While the fare environment remains constructive and demand appears resilient, elevated and volatile, fuel remains the key offset,*

Economic and Financial Analysis Committee

Industry Financials

2nd Quarter 2026